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NEWS SUMMARY

GENERAL BBC accused of treason

MPs accused the BBC of treason and demanded legal action after it was revealed in the Commons that IRA terrorists took over a village for an afternoon for a Panzer film.

Times dispute The Times may not appear after all next week unless a demarcation dispute between two manual unions is settled.

Fiat row A major confrontation has broken out between Fiat and the Italian trade unions and the Turin Labour Tribunal over the tribunal's order to Fiat to reinstate temporarily 50 of the 61 workers laid off last month.

Pace extradition A French court has agreed to extradite Laminco Pace, wanted on charges connected with the kidnapping and murder of former Italian Prime Minister Aldo Moro.

Strike call In the first major challenge to General Zia-ul-Haq's military regime in Pakistan since he postponed elections last month, senior politicians have called for a general strike on November 17.

Presidential bid California Governor Jerry Brown has announced his candidacy for the Democratic Party's presidential nomination.

Machete murder A woman was killed and five other people, including two children, were injured by a man armed with a machete in a multi-storey block of flats in Birmingham.

Troops out plan West Germany is expected to propose withdrawal from Central Europe of both U.S. and Soviet troops at next month's meeting of Atlantic Alliance foreign ministers.

Deportation ban The Israeli Supreme Court has issued a temporary injunction against a move to deport the Mayor of Nablus, the largest town on the occupied West Bank, who is said to have voiced support for Palestinian guerrilla actions.

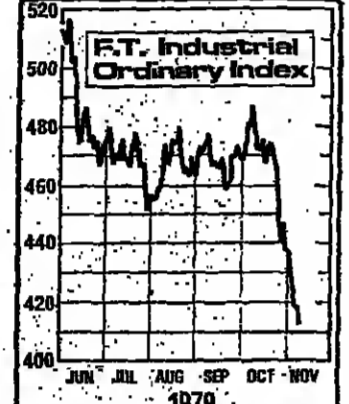
Briefly Actor Sydney Tafler has died of cancer at his home in Barnes, London. He was 62. All British Airways flights to and from Paris between 1 pm and 3 pm today are cancelled because of the French air traffic controllers' work-to-rule.

CHIEF PRICE CHANGES YESTERDAY (Prices in pence unless otherwise indicated)

BUSINESS Gilts and equities fall; £ weaker

GILTS were depressed despite unchanged MLR and selling pressure developed from home and overseas, with losses extending to a full point.

EQUITIES drifted lower on fears of a complete halt in Iranian oil supplies and the Government Securities Index fell 0.50 to 66.10.



view that a rise in MLR had been merely postponed. The FT 30-share index lost 5.9 to end at 412.2.

STERLING lost ground sharply on late selling from New York to close at \$2.0830 (\$2.1080) but its trade-weighted index rose to 67.3 (67.2).

GOLD lost \$3.50 closing at \$390 (\$395.50) in London.

NORTH SEA OIL prices could rise to between \$45 and \$65 a barrel in real terms by the end of the century.

BANK OF ENGLAND expects to announce the allocation terms of the government sale of 5 per cent of British Petroleum on Monday.

NEB members have threatened to resign if Rolls-Royce is detached from the NEB and reverted to direct Department of Industry control.

BRITISH CHEMICAL companies may have to close less profitable plants to improve productivity and catch up with efficient Continental groups.

AUSTRALIAN industrial and mining group CSR has made a bid worth \$446m (£247m) for Thiess Holdings in an attempt to become Australia's main energy resources group.

THREAT of strikes against British Steel following its decision to close Corby steelworks receded after the largest steel union failed to win support of other unions.

RAT INDUSTRIES is paying \$27.8m for the 50 per cent share in Mardon Packaging International, which it is buying from the Imperial Group.

RHONE-POULENC is to raise Frs 473.5m (about \$33.8m) in a one-for-five rights issue aimed at boosting its investment rate.

LONDON AND MIDLAND Industrials' pre-tax profits for the half-year to September 30 rose to £1.15m (£1m) despite disruption caused by the engineering strike.

STAVELEY INDUSTRIES first half pre-tax profits fell to £1.53m (£5.43m) reflecting mainly the effect of the engineering strike.

New threat to uneasy balance of supply and demand

Iran plans to cut supplies of oil to West by 5%

BY ANDREW WHITLEY and RAY DAFTER

Iran has told its major oil customers, including British Petroleum, that it will cut crude supplies by 5 per cent for the fourth quarter of this year, again jeopardising the balance of world supplies.

Oil companies yesterday were concerned that as several weeks of the quarter have already passed the impact on liftings for the remaining weeks of 1979 could be much greater. Oil executives fear that up to 10 per cent of Iran's total oil exports could be affected, about 300,000 barrels a day.

WHERE IRAN SELLS ITS OIL

Iran has cut output to around 3.3m b/d and substantially increased spot market sales. Source: Dr. Fereidun Fesharaki, former energy advisor to Iran.

Kaunda presses Britain for concessions

BY BRIDGET BLOOM AND MICHAEL HOLMAN

INTENSE DIPLOMATIC efforts designed to ease the Lancaster House talks over their most difficult hurdle yet got under way yesterday with the arrival in London of President Kenneth Kaunda of Zambia.

Dr. Kaunda was at the centre of a last-minute attempt to achieve a compromise over the pre-independence arrangements for Rhodesia between Britain and the Patriotic Front guerrilla alliance.

Last night Dr. Kaunda was attending a working dinner with Mrs. Margaret Thatcher and Lord Carrington, Foreign Secretary, after a day of consultations which included Mr. James Callaghan and Mr. Peter Shore the Shadow Foreign Secretary.

The Commission says the milk ban contravenes EEC free trade rules and British licensing of berrings boats discriminates illegally against Ireland and favours UK fishermen.

The Government has been asked to justify both measures. If its replies fail to satisfy the Brussels executive, the cases will probably be passed for judgment to the European Court of Justice, the EEC's final arbiter on Community law.

The Ministry of Agriculture said yesterday it would defend its long-standing milk import ban on the grounds that it was imposed to protect public health, and was therefore acceptable according to rules laid down in the Treaty of Rome.

CONTENTS

U.S. asks for PLO aid on hostages

By David Suchan in Washington

THE U.S. has asked the Palestine Liberation Organisation to help rescue its 60 diplomatic staff from the occupied U.S. Embassy in Tehran.

The move was made by Mr. Ramsey Clark, a former attorney general who is carrying a letter from President Carter to the regime of the Ayatollah Khomeini.

He has been stranded in Istanbul after the Iranian authorities' change of mind about letting him into Iran.

BP, which once relied on Iran for some 2m barrels a day of supplies, has seen its offtake fall throughout this year.

Immediately after the revolution it was buying at the rate of \$8,000 b/d. In the third quarter of this year its liftings were down to \$85,000 b/d. Now they have fallen again to an average of 365,750 b/d.

This will put the company under greater pressure to secure enough supplies to meet its own refinery activities. Already it has been forced on to the spot markets for crude oil and products to a significant extent.

BP is faced with a completely changed trading position. Until recently it had more than 50,000 b/d. In the third quarter of this year its liftings were down to \$85,000 b/d. Now they have fallen again to an average of 365,750 b/d.

If the PLO were to act as a mediator for the U.S., it would be a major diplomatic step towards Washington's recognition of the guerrilla movement.

The Ayatollah Khomeini has refused to sanction the ending of the occupation until the U.S. agrees to extradite the Shah who is being treated for cancer in New York.

Prospects Israel yesterday refused to make any official comment. Prospects of an early end to the occupation of the U.S. Embassy where the hostages have been held for five days with the authorities' backing dimmed yesterday.

Mr. Roy Jenkins, Commission president, said in London yesterday that there was no need to remind people of the consequences of not complying with court rulings.

France and other Continental countries hoping to sell milk in Britain say that their health standards are equal to those of Britain. In any case, they say, the ultra-heat treated milk they want to send is sterile.

The action comes when the legal powers of the Community authorities are being tested by France's refusal to obey a court ruling and allow free trade in lamb.

Mr. Roy Jenkins, Commission president, said in London yesterday that there was no need to remind people of the consequences of not complying with court rulings.

Steel price controls to be eased, Page 2. Snsar regime plans approved, Page 39.

that in the absence of a proper common fisheries policy national fish conservation controls are essential and permissible.

The milk case has already been tested in the court this year. The judges upheld Britain's right to refuse imports of milk in litre packs until the end of this year, but avoided the question of public health on which the import ban is founded.

Implications of success Page 4. Parliament Page 17.

Inquiry into home loan financing

BY MICHAEL CASSELL

THE GOVERNMENT is setting up an inquiry into the ways financial institutions into ways of overcoming the shortage of finance for home loans.

The formation of a review committee by Mr. Michael Heseltine, Secretary for the Environment, which comes at a time of growing mortgage queues, was announced last night as one of Britain's largest building societies revealed it had gone to the money markets for £20m to supplement its mortgage lending programme.

The move, by the Anglia Hastings and Thanet, is believed to be the first time on which a building society has raised finance for home loans from the markets.

The loan, to be used exclusively for large mortgages, has been arranged with an international banking consortium managed by S. G. Warburg, Commerzbank and the First National Bank in Dallas.

The Government committee will consider "possible options and ways and means of securing an adequate and stable flow of funds" for home ownership.

Its composition will raise considerable interest in the building societies which now provide over 90 per cent of all home loans.

Included on the committee will be representatives from the merchant banks, insurance companies, pension funds and the clearing banks. The one building society representative will be Mr. Alan Cumming, chief general manager of the Woolwich.

The fact that the new committee will meet for the first time today reflects the urgency which the Government is attaching to the mortgage problem. The building societies believe that they currently need at least £1.1bn a month to meet mortgage demand. But they can only lend around £750m.

Their position could weaken still further if interest rates generally rise again and they are prevented by the Government from following suit because of the effect such a move would have on the cost of home loans.

But the societies and the Government are equally concerned about the longer-term prospects for raising sufficient funds for mortgage lending and are aware that radical changes in the societies' traditional finance-raising methods may be required.

They have already established a working party to examine alternative sources of funds and are expected to have reached some preliminary conclusions by the end of the year.

News Analysis Page 8. Lex Back Page.

Slowing of money supply growth 'may take longer'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SIR GREGORY DOWD, the Chancellor, yesterday admitted in the Commons that it could take longer than the Government has hoped to bring down the rate of growth of the money supply.

But he was non-committal about the prospects for interest rates. Minimum Lending Rate was, as expected, left unchanged yesterday at 14 per cent. But the City continues to expect a rise before long and there were further falls in the prices of gilt-edged stocks.

Mr. Geoffrey faced persistent questioning on the issue in the Commons and he replied that it would be unwise for him to speculate about changes in the rate of interest.

On the impact of the removal of exchange controls, he said there were many other factors of greater significance for M.L.R., including the sharp upward movement of U.S. interest rates.

Parliament Page 17. Money markets Page 30. Lex Back Page. Continued on Back Page.

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EUROPEAN NEWS

EEC STEEL POLICY

Davignon price controls to be eased

BY GILES MERRITT IN BRUSSELS

PRICE CONTROLS on two important categories of steel products in the European Community are to be lifted next year, under proposals that the Commission is to submit to the Council of Ministers on November 19.

Relaxation of the price minima on reinforcing bars and merchant bars is part of the Davignon crisis plan for steel, which the Ministers are expected to extend for a third year.

The adjustment to the steel disciplines programme, devised by Viscount Etienne Davignon, the Industry Commissioner, will also see an end to the Commission's intervention in special trading agreements between major EEC producers, although the delivery quotas imposed in 1978/79 are to be maintained.

The Commission has relaxed the crisis plan in response to demands made by the steel industry because more buoyant economic conditions in the first half of 1979 have resulted in firmer prices. But Viscount Davignon said yesterday that 1980 would see a return to crisis conditions. His 1980 steel programme reserves the right to re-impose price controls.

EEC output for this year will have risen 7.5m tons over the 1978 level to 140m tons. The last three months of this year are due to show a quarterly record since 1974, with crude steel production rising 8.5 per cent over the comparable period of 1978 to 35.6m tons. But Community steel output is expected to drop by 4.5 per cent, or 6m tons in 1980.

Painting a gloomy picture for next year, the Commission says that the industry will be operating at 70 per cent of capacity. In terms of job losses it will be the "worst year" for steelworkers. Of 81,000 jobs due to be shed in restructuring moves during 1979-80, the bulk will be lost next year.

Viscount Davignon has said that EEC consumption of steel will drop 2 per cent next year, with flat-rolled sheet suffering the sharpest fall in demand. Exports will decline too and the Industry Commissioner implicitly confirmed reports from the U.S. that a wave of anti-dumping suits against EEC special steel producers is being prepared for early 1980.

He said he expected a protective operation to be mounted against European steel producers by the U.S. next year.



Prof. Zolotas... agreement signed in Paris

\$500m loan for Greece as problems mount

By Our Athens Correspondent

GREECE YESTERDAY signed an agreement with a consortium of international banks for a \$500m loan against a background of mounting balance of payments problems.

The agreement was signed in Paris by Professor Xenophon Zolotas, Governor of the Bank of Greece. The loan is for ten years, including a five and a half year grace period, and carries an interest rate half a percentage point above the London interbank offered rate.

The consortium includes the Bank of Tokyo, Banque Nationale de Paris, Canadian Imperial Bank of Commerce, Citicorp International Group, Continental Illinois, Credit Lyonnais, Fuji Bank, Midland Bank, Sumitomo Bank, and Westdeutsche Landesbank Girozentrale.

Mr. Constantine Mitsotakis, the Minister of Co-ordination, said the loan will be used to help finance the public investments budget, partly service Greece's foreign public debt (now totalling \$650m), and increase foreign exchange reserves.

The loan agreement coincides with a sharp increase in Greece's current account deficit. This reached \$1.714bn in the first nine months of this year, threatening to become a serious constraint on growth in the medium term.

According to figures released by the Bank of Greece, imports in January-September this year increased by 34.3 per cent to \$7.32bn. Exports rose by 33.7 per cent to \$2.8bn. The trade deficit of \$4.51bn (34.7 per cent over the same period last year) was largely covered by invisible earnings which totalled \$3.798bn. Invisibles were up 27.5 per cent to \$971m.

The further deterioration of the country's balance of payments makes the Government's efforts to maintain economic stability problematic.

Expectations of continuing inflation are causing Greeks to spend rather than to save, in particular on a wide range of imported consumer durables. This expenditure is itself fuelling inflation.

The Government admits that consumer prices may rise this year by 21-22 per cent.

At the beginning of the year, the Government had projected the current account deficit would total \$1.5bn. It is now expected to exceed \$2bn.

According to the Bank of Greece, a significant part of this year's larger import bill is due to the sharp rise in crude oil prices. Greece spent \$1.483bn on oil imports in January-September this year, a 66.3 per cent increase over the first nine months of 1978. However, even without the oil, imports in January-September rose by 28.1 per cent, almost double the 14.9 per cent rate of increase in the same period of last year.

Mr. Stavros Dimas, the Under-Secretary of Co-ordination, said yesterday that the industrial production index rose by 6.9 per cent between January and August, compared with an increase of 7.4 per cent in the same eight months of 1978.

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Dutch likely to give qualified support to NATO missile plan

BY CHARLES BATCHELOR IN THE HAGUE

THE NETHERLANDS appears ready to support a NATO decision to start producing a new generation of U.S. nuclear missiles. But it does not want the weapons deployed until further arms talks have been held with the Soviet Union.

The weapons would not be ready in any case before 1983, and the Dutch want to use the intervening period to see if the numbers can actually be reduced.

In his outline of Government thinking in Parliament yesterday, Mr. Willem Scholten, Defence Minister, indicated the viewpoint expressed by the Christian Democrats, the senior Government party.

Mr. Scholten stressed that the Netherlands was not yet ready to commit itself wholeheartedly to NATO's plans for modernisation. The plans involve for the first time basing NATO nuclear missiles capable of striking the Soviet Union on the continent of Western Europe.

The actual numbers of missiles to be deployed between 1983 and 1987 would depend on consultations within NATO over the results achieved, or reasonably likely to be achieved, in disarmament talks with the Soviet Union, he said.

If the Netherlands does come out in December in favour of modernising NATO's theatre nuclear forces at the Alliance's council meeting in Brussels, it will also seek a re-assessment of the Dutch nuclear role within NATO.

The main principle of Dutch defence policies remains the prevention of an uncontrolled arms race. Mr. Scholten went on. The fears that exist in both East and West Europe cannot be eased by strengthening military might. A mutual reduction of weapons would be needed to avoid instability.

The Netherlands saw NATO's main task as raising the threshold at which nuclear conflict could break out. The modernisation by the Soviet Union of the entire range of its conventional and nuclear forces was "unsettling".

Russia had introduced 10 new nuclear weapon systems in recent years, against the three developed by NATO. Soviet nuclear potential had increased at a faster rate than NATO's.

The Government was in favour of establishing equipment stores in the south-east Netherlands for three U.S. army divisions, to allow U.S. reinforcements to be deployed quickly in Europe. But no final decision had yet been taken.

Poland takes OPEC to task

By Anthony Robinson, East Europe Correspondent

AN AUTHORITATIVE Polish newspaper, *Zycie Warszawy*, yesterday voiced the deep concern felt by Poland and Eastern Europe about future oil supplies with an unprecedentedly sharp attack on the OPEC oil cartel. It accused OPEC of using its economic power "without moderation." Up to now, Soviet bloc support for the Arab states in their dispute with Israel and solidarity with "the just fight for their natural resources" has prevented such criticism.

An increasingly tight oil supply situation in the Soviet Union, however, now faces the countries of Eastern Europe with the need to import up to 30 per cent of their total oil supplies from OPEC countries by the early 1980s. At this stage, they have no idea as to how they will earn or borrow the hard currency required.

Under these circumstances, Eastern Europe clearly views the constant leap-frogging of oil prices, particularly on the spot market, with as much, if not more concern, than the West and the Third World.

"The world is awaiting the outcome of the OPEC summit meeting in Caracas next month with anxiety," commented *Zycie Warszawy*. It noted that large amounts of oil are being sold on the Rotterdam spot market, with the risk that "it will be Rotterdam which suggests to OPEC how high to raise its prices in Caracas."

Hitherto, the Soviet Union has supplied around 30 per cent of Eastern Europe's oil requirements. Over the current five-year plan period, Soviet oil deliveries to Comecon are expected to amount to just under 420 tons.

But for the next five-year plan period, starting in 1981, the Soviet Union is expected to limit deliveries to its Comecon partners, including Cuba and Vietnam, to around 450m tons.

According to Western analysts, Eastern Europe is expected to have to import 30 per cent of its total oil needs from OPEC and other hard currency sources by the early 1980s. Higher OPEC prices also affect the price of Comecon oil, which is based on a five-year moving average of world market prices.

OECD growth forecasts lowered still further

BY ROBERT MAUTHNER IN PARIS

THE ECONOMIES of the Western industrialised countries will grow by only about 1.5 per cent next year, according to preliminary forecasts prepared for the OECD's economic policy committee meeting next week.

The figures, which may be revised marginally by the time the meeting takes place, are even more pessimistic than those published in the OECD's six-monthly economic outlook last July. Then, the organisation was already forecasting an average growth for the area of less than 2 per cent up to the middle of next year.

put which is expected to rise by 5.4 per cent will have the highest growth rate of the major member countries next year, followed by West Germany with 2.3 per cent and France with 2.1 per cent.

Both the U.S. and Britain on the other hand are expected to have negative growth rates. The former's GNP is forecast to decline by 1.2 per cent in 1980, and that of the UK by 0.7 per cent.

The prospects for inflation appear no brighter, with price rises in the area as a whole expected to accelerate to 9 per cent.

Irish banks to reduce liquidity ratios

BY OUR DUBLIN CORRESPONDENT

THE IRISH central bank has announced reductions in the liquidity ratios which Irish banks have to observe.

The primary ratio is to be cut from 13 per cent to 10 per cent of relevant resources and the secondary ratio of the commercial banks from 30 per cent to 25 per cent.

This reflects their growing importance in the Irish economy but they will be allowed to hold 2 per cent in the form of eligible discounted commercial bills.

The changes reflect the new conditions following the imposition of exchange controls when Ireland joined the European Monetary System.

The changes will make no difference to the current credit squeeze, the bank made clear.

In the long run, the bank hopes that changes will encourage the development of an inter-bank market and financial institutions appropriate to a country with an independent currency.

The new ratios will be phased in to avoid disturbance to Government finances and the gilt market and will not be fully operational until mid-February.

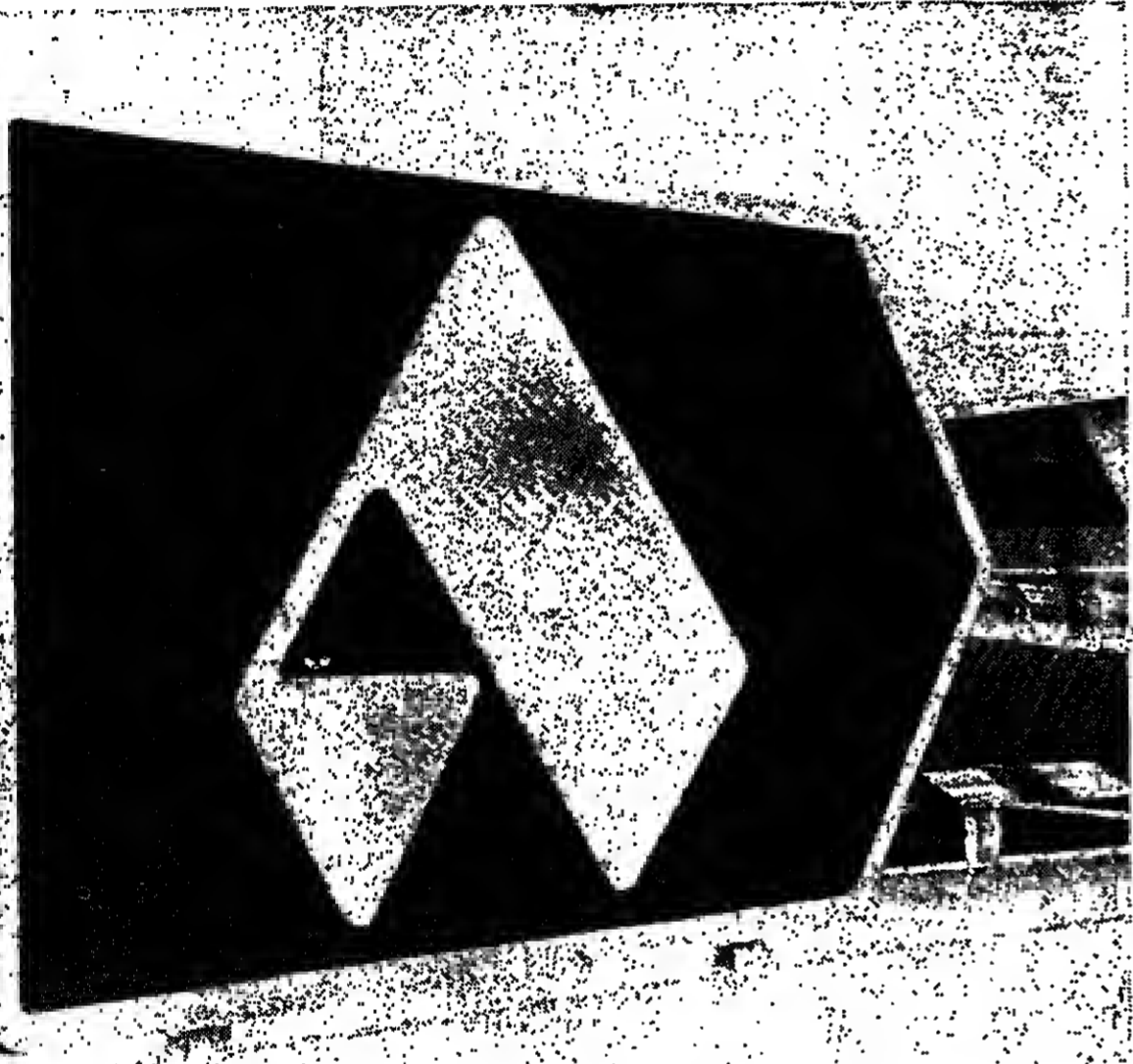
Demirel ready with Cabinet list next week

ANKARA — Mr. Suyelman Demirel, Turkey's Prime Minister-designate, said yesterday that he planned to submit his Cabinet list to President Fahri Koruturk early next week.

Mr. Demirel said he had told the President that he now had sufficient support in the 450-seat National Assembly to win a vote of confidence. The President asked Mr. Demirel to form a Government 12 days ago, after the resignation of Mr. Bulent Ecevit.

Mr. Ecevit resigned when his Republican People's Party suffered reverses in mid-term elections on October 14. Mr. Demirel's Justice Party capturing 47 per cent of the votes. But only 50 Senate seats and five vacant assembly seats were involved in the polling and no significant change in the lineup of the assembly resulted. No party held a majority.

The Justice Party commands 185 seats but he has mustered a slim majority of 227 with the support of two right-wing parties and several splinter groups.



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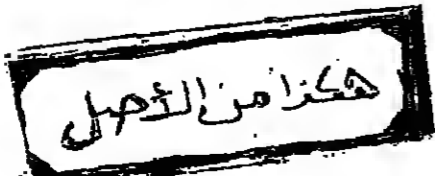
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**By-election setback in Cork for Lynch**

By Our Dublin Correspondent

THE IRISH Prime Minister, Mr. Jack Lynch, currently on a visit to the U.S., appears to have suffered a severe political reverse in two by-elections in his native city, Cork, where he himself is an MP.

Early indications, as the proportional representation count got under way, were that his party's share of the vote in Cork City had dropped from 58 per cent in the general election of 1977 to less than 40 per cent.

Party activists forecast that Fine Gael, the major opposition party, would win both seats when final results were declared this evening.

Mr. Lynch himself campaigned heavily in Cork City and, although the result will not affect his party's 20-seat majority, it will do considerable damage to the Prime Minister's own standing.

Back-benchers have become increasingly restless over the Government's continuing unpopularity, which is blamed mainly on high inflation—around 13 per cent—and proposals to increase farmers' taxation.

By-election results are bound to raise again the question of how much longer Mr. Lynch will continue to lead the party. There has been speculation that he might retire next year, but the view within the party may now grow that he should go whether he wants to or not.

**Metin Munir visits Turkey's problem steel plant at Iskenderun  
Army keeps the iron flowing**



ACCORDING to economics textbooks there are three factors of production: labour, capital and land. At the Soviet-built iron and steel plant, Iskenderun, 15 km east of here there is a fourth: the Turkish army.

A battalion of crack commandos is encamped on the complex, which stretches inland from the Mediterranean to a bare mountain range. Their duty is to deter extreme Right-wing workers, who are in a majority, from disrupting work, sabotaging equipment or persecuting Left-wing workers.

This peculiar arrangement offers a remarkable insight into the hazards of operating a public sector enterprise in a country which is in a state of political and economic ferment.

"The soldiers contribute to production as much as I or anybody else," says Mr. Aykut Dere, the Iskenderun director, a 43-year-old economist. "Everybody here is either Left or Right-wing. You hire a new engineer—before he learns his way around the plant he is running round organising demonstrations. Get the army put out of here and you will have more blood flowing than iron."

The same is more or less true of the whole country. In the 20 months that the Prime Minister, Mr. Bulent Ecevit, has held power, over 1,500 people lost their lives in assassinations, riots and massacres involving extreme Left- and Right-wing factions. Half of the population of 45m lives under martial law.

Mr. Ecevit's predecessor, Mr. Suleyman Demirel, has now been asked by the President to form a Government. For Iskenderun there is little telling what this could mean. Under Mr. Demirel

private capital was weak, these companies now account for half of total industrial output, manufacturing a vast range of products from shoes to cement.

But because of mismanagement, overstaffing and virtually every single inefficiency known to industrial man, almost all of them incur vast losses. They stay afloat thanks to huge treasury support, which through deficit financing fans the flames of runaway inflation.

At Iskenderun more than 8,000 workers were taken on when it opened. Most were said to be supporters of Mr. Alparslan Turkes, the leader of the ultra-Right-wing Nationalist Action Party (NAP), from Iskenderun, a seaside town of 200,000 founded by Alexander the Great.

The Soviet Union, which is one of Turkey's biggest suppliers of project credit, had hoped that Iskenderun would be a showpiece for the Third World, particularly the Middle East. Its starting capacity of 1m tons a year was eventually to be increased to 8m tons a year, making it one of Moscow's biggest overseas projects.

The Russians were in for a surprise. In four years Iskenderun changed 12 managers. The blue-prints foresaw a workforce of 8,000 at 1m tons a year output. But with production at under a quarter of this the plant employed 18,000. One Iskenderun director who was asked by a Demirel minister to take on more workers is said to have replied: "Sure, but to put more workers I'll have to start taking the machinery out."

Russian technology at Iskenderun has been criticised as being crude and outdated. But Mr. Dere says that it is ideal for

the country at its current level of development.

Three hundred Russian engineers at Iskenderun are trying to make a success of the plant, which was supposed to have met a third of the country's iron and steel requirements. The large shortfall is a severe loss for Turkey, where there is a chronic shortage and a black market in iron and steel products. Imports in 1978 amounted to over \$400m. Over the past five years demand has grown by 15 per cent and supply by 5 per cent. Governments could realise less than half of planned investments. Consequently in 1978 only one-third of the 4.7m tons of iron and steel used was locally produced.

Mr. Dere assumed the management of the Iskenderun complex a year ago with a salary of 11,000 Turkish lira (£100)—another aberration of the state economic enterprises which pay workers more than managers.

He seems to have done an excellent job, despite having to pack a pistol because of all the threats he has received. The workforce is now 18,000, and capacity utilisation this year is double last year's. Given an uninterrupted flow of raw materials, the complex will run at 80 per cent capacity.

But there are still great problems. The plant uses domestic iron ore but imports 60 per cent of its coke. There are transport problems for the ore and foreign currency problems for the coke. Power cuts, a national menace, are also affecting Iskenderun's production. Under even the most ideal conditions overstaffing will help cause a loss of at least 1.5m Turkish lira (£136m) this year, despite prices being 30 per cent above world levels.

**Outsider chosen to join new Japan Cabinet**

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

DR. SABURO OKITA, a well-known economist who is not a member of the Japanese Diet, becomes Foreign Minister in the new Cabinet announced by Mr. Masayoshi Ohira, the Prime Minister, last night.

Dr. Okita's appointment to a post which normally goes to a senior member of the ruling Liberal Democratic Party came as a total surprise but appeared to be generally welcomed.

He is a fluent English-speaker known for his interest in the problems of developing countries.

His previous posts include the chairmanship of the Japan Economic Research Centre, an influential private economic forecasting institute and the directorship, from 1973 to 1977, of the Overseas Economic Cooperation Fund, a Japanese Government agency for extending soft loans to developing countries.

Dr. Okita helped draft the famous "Income Doubling Plan" launched in the early 1960s. In 1977, he stood unsuccessfully for the Upper House of the Diet.

Dr. Okita is the only non-political member of a team which, in other respects, appears to have been chosen to reflect the relative strengths of the competing Liberal Democratic Party factions.

The Cabinet includes four members each from the Tanaka, Ohira and Fukuda factions,



Mr. Joergensen: defence cuts threatened

**Fears over Denmark's defence spending**

By Hilary Barnes in Copenhagen

FEARS THAT Denmark's new Social Democratic minority Government is about to upset a four-party agreement on defence spending have been voiced by the opposition. Since 1973 this accord has stabilised the defence budget and taken much of the political heat out of the defence issue.

Mr. Anker Joergensen, the Prime Minister, said in a policy declaration to the Folketing (Parliament) earlier this week that public spending cuts are necessary and defence cannot go unscathed.

The Conservative defence spokesman, Mr. Palle Simonsen, said, however, that if the Government persists on these lines, there will be a breach of the defence spending agreements.

He pointed out that Denmark has reserved its position on the NATO call for a 3 per cent real increase in annual defence expenditure, on the grounds that this would breach the defence spending agreement.

If the accord cannot be broken to provide for increased spending, he said, it cannot be broken to provide for spending cuts either.

Military chiefs have warned recently that the agreement does not provide enough money to prevent a gradual undermining of defence capability.

three from the Nakasone faction and two from the Miki faction. The Education portfolio is held by Mr. Ohira, but this arrangement may be temporary.

Mr. Kunikida Saito, Party Secretary-General, who remains in office from the previous Cabinet, is expected to be appointed Education Minister as soon as a new Secretary-General has been chosen.

Mr. Ohira was unable to fill this important post yesterday, apparently because of a dispute between the "mainstream" and "anti-mainstream" factional groups both of which claimed the position for themselves.

The new Cabinet is notable for its relative youth by Japanese standards—the average age is 59—and for the number of Ministers who have not previously held office—15 out of a total 32.

Apart from Dr. Okita, key members of the new Cabinet include, as Finance Minister, Mr. Noboru Takeshita (a Tanaka faction member who has served as Construction Minister and Chief Cabinet Secretary in previous administrations) and as Minister of International Trade and Industry, Mr. Yoshitake Sasaki.

Mr. Sasaki is a close associate of the Prime Minister. He is credited with having persuaded the opposition New Liberal Club to vote for Mr. Ohira at last Tuesday's leadership election.

Dr. Okita is the only non-political member of a team which, in other respects, appears to have been chosen to reflect the relative strengths of the competing Liberal Democratic Party factions.

The Cabinet includes four members each from the Tanaka, Ohira and Fukuda factions,

from their level at the beginning of the year.

On Mitsubishi's definition Japan ranks as only the ninth wealthiest nation in the world in terms of its foreign exchange holdings. Britain ranks tenth with assets of \$2.9bn, equivalent to 0.4 months imports.

The method used by Mitsubishi to compute true foreign exchange assets is to revalue official foreign exchange reserves to allow for the current market value of gold and to add or subtract official and private sector assets or liabilities.

The bank said in a special report that Japan's overall short-term foreign exchange assets amount to \$11.1bn, or the equivalent of 1.3 months' imports. Official foreign exchange reserves at the end of October were \$23.2bn, a fall of \$10.2bn

**Exchange position 'weak'**

BY OUR TOKYO CORRESPONDENT

ALTHOUGH Japan's foreign exchange reserves are still the world's second largest, the country's true foreign exchange position, taking into account private sector foreign exchange liabilities, is much weaker.

Mitsubishi Bank claimed yesterday.

The bank said in a special report that Japan's overall short-term foreign exchange assets amount to \$11.1bn, or the equivalent of 1.3 months' imports. Official foreign exchange reserves at the end of October were \$23.2bn, a fall of \$10.2bn

**West Berlin buoyed by surge in orders to industry**

BY LESLIE COLT IN BERLIN

WEST BERLIN'S economy is expanding on a surge of industrial orders from West Germany and abroad, and manufacturers are overwhelmingly optimistic about the coming year. For the first time since 1970 the number of industrial jobs is expected to stabilise this year after falling by some 90,000 in the past decade.

As in West Germany, capital goods industries in West Berlin are the basis for the current industrial upswing. Orders are running 15 per cent

higher in the electrical industry and 14 per cent higher in mechanical engineering which together have half of West Berlin's industrial employees.

The city's gross domestic product expanded by the highest rate since 1974, 3.9 per cent at 1970 prices, during the first half of the year compared with 4.3 per cent in West Germany.

One reason for the increased optimism is that West Berlin is profiting from capital goods orders to its factories from West German parent companies.

They gain by the elaborate subsidies and tax preferences offered to companies in the city and are responding to Chancellor Helmut Schmidt's appeals that they should make full use of West Berlin's industrial capacity.

Siemens, the largest employer in West Berlin with 26,000 workers, has produced more than DM 500m (£125m) worth of electronic Telex machines in the city this past year. Some 70 per cent of them were exported and Siemens says it had a 35 per cent share of

the world market. The company is expanding its Telex production in Berlin but finds it is unable to find enough local labour with the necessary qualifications.

Unemployment in West Berlin last month was 3.6 per cent compared with 4.2 per cent a year ago and companies find they are often unable to find workers among the 10,700 people registered with the labour exchanges.

The city has expanded its service sector with the completion of an international congress centre, and a major hotel building programme is under way. The two allied airlines serving West Berlin—British Airways and Pan American—report expanding passenger traffic this year between West Germany and West Berlin for the first time since 1972.

In that year the four-power Berlin agreement went into effect and Berliners, as well as visitors, began taking to the East German autobahn linking the city with West Germany.

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as much as doubled in just a few months.

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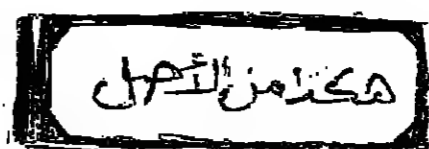
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WORLD TRADE NEWS

PORTUGAL STEPS UP WINE EXPORT EFFORTS

Quest for another best-seller

BY JIMMY BURNS IN LISBON

PORTUGAL'S efforts to convince the world that there is more to Portuguese wines than port appears to be gathering steam again.

Recently Sr. Fernando Guedes, the "Grand Old Man" of Portuguese wine, visited London to help launch the latest range of red and white table wines from the Dao region near Vizeu and from the Avelada "green wine" vineyards near Oporto.

As the head of Sogrape, Portugal's major table wine exporters, Sr. Guedes is not a man to back losers. Just over 20 years ago he went to London to convince English merchants that the case for an insipid looking liquid he had with him was really one of the most exciting young wines Europe had ever seen.

with the spirit that prevailed only six years ago. Then there was little incentive to look for new markets. Portugal had a willing and steady buyer in her African colonies, and these absorbed nearly 50 per cent of Portugal's total table wine exports.

With decolonisation in 1975 and 1976, Portuguese table wine exports suffered a downturn. Exports to Mozambique and Angola, which in 1973 peaked at £s 480m (£46.1m) dropped to £s 11m by the end of 1976.

Trade figures for the period 1976-78 reflect this changing pattern. Sales to the U.S. have increased from £s 586m to £s 1.1bn, to Canada from £s 146m to £s 293m, to Brazil from £s 48m to £s 109m, and to the EEC from £s 299m to £s 886m.

before Portugal's 1974 revolution were non-existent, totalled £s 2.3m.

One of the more successful new markets to have been exploited has been Switzerland. Total sales to the Swiss have increased from £s 44m to £s 139m.

The 84 per cent increase in total Portuguese table wine exports in the period 1976-78, porters that rose may have peaked — internationally the market is moving towards red and white.

The question is whether there is room for Portugal in this changing context. Overseas, Portugal's latest promotion campaign is the prospect of her future membership in the EEC and the possibility that Europe's two main wine producers, France and Italy, may react as unfavourably to Portugal's ambitions as they have done to Spain's.

Given the fact that Portugal has an average annual domestic consumption of 6m hectolitres, there is little likelihood Portuguese wines will ever flood the European market. "If we exported as many Daos as we do roses there would not be a drop left for the Portuguese," said Sr. Guedes.



His view is that the future of Portuguese wine exports lies not in quantity but in quality.

It seems likely, then, that Portugal's latest export drive could well stimulate major changes in the structure of land devoted to wine growing.

The Portuguese are fond of claiming that they have some of the best wines in the world, but all too often bottles are poorly marketed, with the result that they are unable to compete in name with the European wines subjected to the discipline of "appellation controlee."

Italy gets go-ahead for Iran steelworks

By Paul Beets in Rome

ITALIPIANTI, the engineering subsidiary of Finsider, the Italian state steel group, said yesterday its \$1.5bn (£760m) deal to construct an integrated steel complex in Iran would go ahead.

Sig. Lucien Sicouri, the Italian company's managing director, said Italiimpianti had signed a new agreement with the Iranian authorities earlier this month. According to this agreement, the steel complex, which was originally to be built at the southern Iranian port of Bandar Abbas, will now be constructed in the inland region of Isfahan.

The original deal between Italiimpianti and the former Iranian authorities involved a total of 22 contracts with an overall value of just over \$1.5bn.

Following the new agreement, 3.5 per cent of the former contract value has been introduced in their place. Sig. Sicouri claimed that about 96 per cent of the original orders had effectively remained unchanged.

U.K. fibre makers fail in bid for action against U.S.

BY RHYS DAVID

AN APPEAL by UK fibre producers for unilateral British action to restrain the growth in American imports of yarn and other textile products because of delays in obtaining measures at EEC level has been rejected by the Department of Trade.

The Commission was warned in April of the problems building up for fibre producers in the UK and other European countries as a result of the surge in U.S. imports, in submissions by the UK industry and the European Federation of Fibre Makers, CERFS. The case is still being considered in Brussels, however, and despite meetings between the Commission and U.S. Administration officials there are no signs as yet of any action being taken.

He is also understood to have warned that the Government believes imposition by the EEC of countervailing duties as the industry has requested could carry risks. In common with the EEC the Government appears to take the view that such action could provoke retaliatory measures and lead to a trade war accelerating the present slide towards recession.

The industry has been arguing that the EEC is entitled under GATT rules to bring action against the U.S. because of the access American fibre producers have to low cost oil feed stocks as a result of the two tier U.S. oil price system. According to the latest figures from the British made Fibres Federation the U.S. captured 20 per cent of the UK polyester filament market in August and 15 per cent of the nylon carpet yarn market.

The UK industry is now waiting to see whether any further EEC action will be taken following the Council of Ministers meeting on November 30 when the issue is expected to be raised again by Britain. Leaders of the UK industry believe, however, that the EEC may want to continue to try to persuade the U.S. administration to enter into voluntary undertakings to restrain U.S. exports. There are severe doubts, however, whether such an agreement could be enforced by the U.S. authorities on American fibre producers.

Imports of cotton thread from Turkey into Britain are to be cut in an effort to avoid further damage to the British textiles industry, the EEC Commission announced yesterday. The Commission said that only 428 tonnes will be admitted between now and the end of the year.

Manila diesel plant to MAN

By Daniel Nelson in Manila

ALMOST two years after its target date for selecting foreign companies to build a local diesel plant, the Philippines has finally agreed with one company, MAN of West Germany, to establish a plant for the manufacture of diesel engines of 80 hp and over.

Cheaper credit terms for China sought

BY ROGER BOYES IN BONN

THE WEST GERMAN Government should support moves to classify China as a developing country and thus open the way for granting cheaper credit terms, according to an all-party delegation that has just returned from Peking.

favourable trading terms than Moscow — part of its conciliatory policy towards Eastern Europe — and partly because it does not want a free-for-all scramble in cheap financing.

Reldan deal to extend Japan range

By Lucia van der Post

RELDAN, one of the largest of the UK's privately-owned fashion groups, has licensed Toray, the Japanese conglomerate, to produce a range of clothes — first designed for Debenhams.

Total to begin Sudan drilling

KHARTOUM — Sudan has agreed to allow Total, the French oil company, to explore for oil in a 6,400 square kilometre area in the Red Sea hills South of Soudk for a three-year period.

The agreement stipulates that Total should bear all exploration costs with the possibility of an additional two-year extension, should the search prove worthwhile. The French company will be making its first oil exploration in the Sudan. AGID, the Italian company, and Chevron of the U.S., had previously explored the same area but without result.

Fall in UK drug exports

BY SUE CAMERON, CHEMICALS CORRESPONDENT

UK pharmaceutical exports during the first nine months of this year dropped by 3.8 per cent to £470.4m compared with the same period in 1978. But imports rose to £167.1m, a 14.6 per cent rise on last year.

The Association of the British Pharmaceutical Industry said that the picture was not as gloomy as these figures might at first suggest. It stated that the decline in pharmaceutical exports — which were down 5.3 per cent on last year in the first half of 1979 — now appeared to have been "checked."

Sharp rise in Brazil car sales

By Diana Smith in Brasilia

CACEX, Brazil's export bureau, estimates that the motor industry will export more than \$1bn this year in vehicles, motors, parts and pieces by September.

What price cruelty?

RSPCA Campaign, Horsham, Sussex RH12 1HG.

UK pharmaceutical imports was in the ports.

Rabbits restrained in stocks to prevent them from rubbing their eyes when shampoo irritates them. Guinea-pigs with their backs shaved and solutions applied for several days to monitor irritation.

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# BEYOND THE BARRIER...

## The U.K. in International Capital and Investment Markets: A new assessment

The Exchange Control barrier has been lifted after forty years. But what lies ahead?

What are the short and long term implications for the flow of capital both in and out of the U.K.? What are the investment opportunities and pitfalls this new freedom will bring, and how will the U.K. adapt to free access to financial communities around the world?

On Monday, December 3rd, the Financial Times will publish a definitive Survey "The U.K. in International Capital and Investment Markets: a New Assessment", which will cover these important issues, and more. It will examine closely three main areas.

### 1. Investment opportunities

International securities markets; the U.S., Canada, Japan, Hong Kong, Singapore, Australia, South Africa, Germany, Switzerland and France. The special opportunities offered, the structure of the markets, the quality of information available. Comparative values of these markets, including a breakdown by industry category of the world's biggest companies, together with bond yields and information on relative currency movements.

International bonds for the British investor. Commodity markets, especially the futures markets in Chicago and New York. Gold and gold futures. Real estate—private and institutional. Short term investment abroad for individuals, banks and institutions. Currency risk and forward cover.

Where you can have bank accounts and how much they cost. Money market paper and the restrictions on investment inflow and interest payments.

Can the range of investment advice in all these areas match the opportunities available? How will foreign brokers make their presence felt in London? Which funds and unit trusts invest overseas, and what foreign alternatives now exist for the British investor?

### 2. Financing opportunities

How British companies can now raise equity or issue debt in foreign markets, with particular reference to the United States and S.E.C. requirements.

The other side of the coin: the opportunities for foreign companies to raise equity and issue debt in the U.K., along with the potential for British companies to attract investment from abroad.

The money markets: the new scope for borrowing and depositing short term funds in banks and through short term instruments of different nationalities.

### 3. Implications of the change

The likely impact on City institutions:

- 1) The Stock Exchange
- 2) The Bank of England

- 3) The merchant banks
- 4) The clearing banks
- 5) Discount houses
- 6) The foreign banking and broking community

### A working document for the 1980's

Controls have been abolished for barely a week, but already people are beginning to ask how their individual companies and personal financial position may be affected.

Rather than rush into ill-defined opinions, we have deliberately chosen December 3rd as the publication date for this Survey.

Between now and then, our journalists, correspondents and contributors around the world will be gathering information, facts and figures to produce the informed comment essential to this authoritative assessment by the Financial Times.

This Survey is designed to be used by companies and private individuals as a guide to the new investment and financing opportunities which will be open to them in the 1980's.

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UK NEWS

New aerospace plan keeps group intact

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE GOVERNMENT does not intend to break up the nationalised British Aerospace group. Instead, it will convert the entire group from a statutory corporation into a limited liability company...

The new company would have to borrow the funds it needed in the commercial market, thus resulting in a substantial saving in the public sector borrowing requirement.

How BR closures can reduce subsidies

BRITISH RAIL'S internal review of its operations over the next ten years has said that closures of passenger services could save up to £30m a year in Government subsidies by 1989.

Britons turn from tea to something stronger

THE BRITISH are losing the tea-drinking habit, turning increasingly to beer, wine and spirits for refreshment and taking in greatly increased quantities of crisps with their tipples.

World shipbuilding recession may last for two years more

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE world-wide recession in the shipbuilding industry is likely to continue for at least a further two years, according to British Shipbuilders.

Textiles chairman to resign

BY JOHN MOORE

MR. IVAN HILL, executive chairman of Ilingworth Morris, the textile concern, will retire as chairman next March.

Vehicle output better, but still below normal

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ALTHOUGH CAR and commercial vehicle output recovered considerably after the national engineering dispute ended, it remained well below normal levels as disputes at car plants took their toll.

Violins fail to sell but pictures top £5.3m

THERE WERE disappointments in Sotheby's sale of musical instruments yesterday, most notably the failure of a Stradivari violin of the best period to find a buyer.

Bargains in vintage port

BUYERS RATHER than investors had cause for satisfaction yesterday at Christie's half-yearly vintage port sale.

EEC 'should aid switch to coal'

BY MAURICE SAMUELSON

THE National Coal Board wants the EEC to set up a fund to assist the growing number of British manufacturers considering switching to coal from oil or gas.

Oil-from-coal plant for North Wales

BY MAURICE SAMUELSON

THE GOVERNMENT has agreed to a site in North Wales for two pilot plants to extract oil from coal and help beat energy shortages.

Miners call on MPs to block imports

BY OUR LABOUR EDITOR

MINERS' UNION leaders decided yesterday to mobilise Labour MPs to demand that the Government subsidise oncoke.

Insurance company not liable for Beirut losses

BY A. H. HERMANN

THE INSURANCE business was cleared in the High Court yesterday of responsibility for losses and damage caused by looting in the 1974 fighting in Beirut.

Shoe industry deliveries down

DELIVERIES in the footwear industry in the three months ended August this year, were estimated to be 1 per cent lower, on a seasonally adjusted paragon basis, than in the three previous months, according to Department of Industry statistics.

Casino activities 'not normal practice'

BY JAMES BARTHOLOMEW

MR. REGINALD DOAK, chief inspector of the Gaming Board, said in Knightsbridge Crown court yesterday that a series of activities described to him by Mr. Michael Kempster QC, for the police, were not normal practice in the casino industry.

NEWS ANALYSIS - BUILDING SOCIETIES

Large loans will be sought from the City

BY MICHAEL CASSELL

THE announcement yesterday by Angela Hastings and Thonet Building Society that it has gone to the City to raise mortgage funds provides a glimpse of the direction in which the building societies movement may soon be going.

Though the Anglia Hastings and Thonet scheme is for large loans only and the additional costs will be passed on to the big borrower, societies will be primarily concerned about the wider impact on their interest rates if they decide to raise more expensive wholesale money for general use.

Bank advances for house purchase stood at £244m in the quarter ended this August against £108m a year earlier and the total is growing.

Bank advances for house purchase stood at £244m in the quarter ended this August against £108m a year earlier and the total is growing.



# 'Big rise in N. Sea oil prices'

BY RAY DAFTER, ENERGY EDITOR

NORTH SEA oil prices could rise to between \$45 and \$65 a barrel in real terms by the end of the century, according to the latest projections of the Department of Energy.

A departmental report on national energy policy published yesterday says that officials feel that old prices could rise between 1.75 and 2.5 times present levels.

North Sea oil, which accounts for some of the most attractive types of crude traded in the international market, is now being sold on a contract basis for up to \$38.37 a barrel. It is among the most expensive oil in the world—commanding a price nearer to \$40 a barrel on the spot cargo market.

The report says that price increases would be influenced by the rate of world economic growth. As prices rose there would be a general transition

towards the use of fuels other than oil.

"The world's energy problem is to manage this transition smoothly so that it takes place with minimum impact on growth, employment, living standards, the balance of payments and individual liberties."

The world's energy problem was both serious and urgent, the report continues. Because major energy projects involved lead-times of 10 years or more, most of the decisions which would affect energy supplies over the next decade had already been taken.

The report is based on a paper presented to the City University in May by Sir Jack Rampton, Permanent Secretary at the Energy Department. However, typically it includes the warning: "What has happened in Iran shows that we cannot rely on the future being free of

unpleasant surprises. We cannot assume that even when energy exists it will, in fact, be available."

The UK is fortunate, the report goes on. It has substantial reserves of oil (2.3bn to 4.2bn tonnes) and of gas (the equivalent of a further 1.3m tonnes of oil), and very large reserves of coal (45bn tonnes worth, enough to last 300 years at present extraction rates). The country had a well-developed national electricity grid system and considerable experience of nuclear power.

Stocks of depleted uranium in the country had the energy content of 40bn tonnes of coal if used in fast breeder reactors. The UK also had one of the best sites in the world for a tidal barrage (the Severn Estuary) and had access to considerable energy potential in the waves.

Consequently, net energy self-sufficiency would last for "some years" from 1980. But this self-sufficiency did not isolate the UK from the world's energy problems. In one sense it added to them.

"While we are self-sufficient our balance of payments, and so our exchange rate, will be stronger than they would have been had we been energy importers. This could affect our ability to export against the time when we have once again to pay for energy imports."

The report advances five ways of reducing future energy risks: flexibility in planning, diversification of supply, co-operation between producers and consumers, conservation and efficient use of energy, and greater public understanding of the problems.

"National Energy Policy," Energy Paper No. 41; SO, £1.50.

# British Airways' profits 50% down

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS' profits for the first half of this financial year, from April 1 to September 30, fell by nearly 50 per cent compared with the same period last year, in spite of big increases in traffic and revenue.

The net profit for the six months, after interest, tax and other charges, and including profits from subsidiaries, was £57m compared with £116m last year.

Mr. Ross Stainton, chairman, said yesterday that these results "show a marked deterioration" in the airline's finances.

"Although revenue rose by nearly 12 per cent, the increase was more than offset by a 20 per cent rise in expenditure, due mainly to a 44 per cent rise in the fuel bill."

Passenger, cargo and mail traffic on scheduled services increased by 16 per cent. But because the capacity offered (the number of seats and the amount of cargo space for sale) rose by 9 per cent, the airline's load factor rose from 63 per cent to 67 per cent.

Mr. Stainton said the average earned from each passenger decreased 4 per cent, due partly to the greater number of passengers flying at cheaper fares, and partly to the reduced sterling value of revenue earned abroad, because of the strengthening of the pound against foreign currencies.

"More than half of British Airways' revenue is earned overseas," he said.

The effect of this drop in yield was worsened because of the time lag between fuel price rises and compensating fares.

Mr. Stainton said the airline was trying to minimise the effects of fuel price rises—one, announced, is a cut of 5 per cent in fuel consumption this winter, which may mean some cuts in flights.

# Higher productivity 'vital for chemicals industry'

BY SUE CAMERON, CHEMICALS CORRESPONDENT

CHEMICAL COMPANIES operating in the UK are likely to start closing some of their less profitable businesses in an attempt to improve overall productivity.

Mr. Eric Sharp, chairman of the U.S.-based Monsanto's UK operation and newly elected president of the Chemical Industries Association.

Mr. Sharp, whose appointment was announced last night, says the productivity of UK chemical companies is still behind that of French and German competitors. He says the British chemical industry needs to improve its performance by about 5 per cent over the next few years if it is to catch the best Continental groups.

One way in which companies can improve their productivity is by pulling out of unsuccessful areas which do not fit with their main business. Monsanto has gone some way along this road—in May it closed its European nylon business at the cost of 2,300 jobs of which 1,500 were in the UK.

But Mr. Sharp does not believe that moves towards higher productivity will necessarily lead to cuts in the UK chemical industry's total workforce. He claims that a strong industry will be able to expand and so "mop up" the extra people.

He believes an improvement in performance is essential if the industry is to overcome the difficulties it faces and be tough for UK chemical companies. Chemical imports to the UK are 20 per cent higher than last year, while exports have remained "flat." Meanwhile, there is a danger that some companies will be unable to rely on secure energy supplies—particularly gas supplies.

"Energy is likely to be our biggest problem this winter,"

Mr. Sharp says. "I'm hoping to have discussions with Sir Denis Rooke, chairman of the British Gas Corporation, to see what can be done to improve the supply position for chemical plants. A dialogue between the chemical industry and the corporation is long overdue."

It is likely the discussions with British Gas will centre on the starting up of new plants which need gas either as a feedstock or for power. The corporation has said it cannot take on new customers, but the Chemical Industries Association points out that a rigid attitude by British Gas will result in costly chemical plants lying idle. Mr. Sharp says firmly that "we do expect that the corporation might be more generous."

**Tariffs**

British Gas admits that the present disparity between the prices charged to industrial consumers and domestic tariffs—the latter are lower—is "not sensible." The corporation wants to end it. This should go some way to meeting criticisms by the association that Continental chemical companies often have an advantage over UK ones because in countries like France industrial gas prices are lower than domestic tariffs.

"It is disturbing that the chemical industry has constantly had to plead for recognition of its special needs for continuity of supply as well as a rational pricing policy for energy and feedstocks," Mr. Sharp says.

"Unlike the energy industry, the chemical industry cannot pass on to its customers and its customers' customers the full increase in energy and feedstock prices."

Mr. Sharp says the other threat facing the UK chemical industry this winter is the possibility of an increase in imports—particularly from the U.S. He speaks of the "burden" of U.S.

imports although he is quick to stress that Monsanto in the U.S. is "not involved."

He says U.S. attention seems to be focused chiefly on third markets though the European chemical industry is meeting U.S. competition from sectors such as polyester and nylon carpets.

"If the import penetration of major sectors of the UK economy continues, this will inevitably restrict the opportunity for home sales of chemicals. Imports account for more than 75 per cent of home demand for synthetic fibre textile products. There has also been a significant penetration of the UK home market for motor cars by overseas car manufacturers—imports account for 50 per cent of home demand. Both these sectors are important downstream customers for chemicals."

In spite of fears of competition from abroad and energy shortages at home, Mr. Sharp says he would like to achieve greater recognition of the chemical industry's contribution to the British economy during his two years as president. He succeeds Sir Raymond Pennock, of Imperial Chemical Industries in the presidency, but, unlike Sir Raymond, he has not spent 30 years in the chemical industry.

He started as a civil servant, first with the Board of Trade and later with the Ministry of Power. He still looks rather more like a civil servant than an industrialist and he has something of the air of Sir Alec Guinness's Smiley.

"I have a high respect for senior civil servants and I can say—with great modesty—that my early career has given me a broader knowledge than perhaps some others in the industry have. It helps to have been a civil servant, especially when I find ex-colleagues on the other side of the table."

# Overseas student applications fall 8%

By Michael Dixon, Education Correspondent

AN 8 per cent fall in applications from overseas students to enter UK university courses next year was reported yesterday by the Universities Central Council on Admissions.

Next year, fees for overseas entrants will be raised an average of 150 per cent. Staff and students of higher educational institutions are protesting against the increases.

The council's first count of new applicants—made annually on October 15, when about a fifth of total applications have usually arrived—showed 1,964 overseas candidates for entry in 1980.

This compared with 2,131 considered for entry this year, when fees for foreigners were raised 83 per cent, bringing the charge for undergraduates to £940.

But the 1,964 candidates for entry in 1980, who will face fees of at least £2,000 for arts and social studies and £2,500 for science and technology, are still up by 9 per cent on the applicants for entry in 1978 when the undergraduate fee was only £705.

The council's figures also show a 1 per cent increase—from 27,791 to 28,156—in the number of UK applications for the 1980 intake. Unlike overseas students almost all UK entrants have their fees paid by State funds.

# Bullion dealer calls for banks to intervene on gold market

BY DAVID MARSH

CENTRAL banks should intervene on the gold market to help reduce price volatility, according to Mr. Robert Guy, director of London bullion house N. M. Rothschild.

He told a conference in Johannesburg, central bank participation in the market would be a logical consequence of the decision taken by many countries to revalue official gold reserves at a market-related level.

"It seems strange to revalue and then not feel free to either support the price in order to protect one's reserve assets, or to sell into the market if it is felt that the price is too high and the proceeds could be better used in another asset," he said.

The suggestion that major central banks intervene on the

gold market was briefly discussed—mainly at the initiative of the U.S.—during the International Monetary Fund annual meeting last month, but no action was taken. This is the first time a prominent member of the international bullion community has mentioned the idea.

Mr. Guy said he was not advocating a new Gold Pool—a reference to the system in force between 1965 and 1968 under which central banks tried to prevent the market price exceeding the then official level of \$35 per ounce.

But intervention by central banks "would help to reduce the very volatility of which some are so quick to complain."

Gold valuation procedures by individual central banks varied

greatly. Mr. Guy suggested central banks should revalue in a common manner on the basis of the system used for the partial pooling of reserves in the European Monetary System.

EEC central banks set a new valuation every three months for 20 per cent of the gold in their reserves, on the basis of the average market price over the preceding six months, or the average on the penultimate working day in the period, whichever is the lowest.

The UK Government's decision last month to abolish restrictions on British residents' holding of gold would give further encouragement to suggestions for setting up a gold futures market in London, Mr. Guy said.

# Institute of Directors names Scots organiser

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE Institute of Directors has made its first staff appointment outside London by recruiting a full-time organiser for Scotland.

Mr. Donald "Kiddie" is a small business and organiser of the Scottish European campaign in the EEC referendum in 1975, began work yesterday from an office in Edinburgh as the Institute's Scottish director.

He said he hoped considerably

to increase the present membership of 700 directors belonging to one of the four "circles" in Edinburgh, Glasgow, Dundee and Aberdeen.

"I hope that we will not become known as merely a group of directors from famous large companies. We must attract members from small firms because they need support most."

# CONTRACTS

## Steel sheets to improve canal

BRITISH STEEL CORPORATION has won an order worth over £2.5m to supply sheet piling to the British Waterways Board for the South Yorkshire Canal improvement scheme. The canal, opened more than 200 years ago, is one of the oldest navigable inland waterways in the UK.

Produced at BSC works at Scunthorpe and Cargo Fleet, Teesside, the piling will be used in the reconstruction of nine locks and in improving the 15-mile navigation channel between Doncaster and Rotherham. Deliveries are being spread over three years.

Costing about £10m the canal improvement scheme will enable vessels up to 700 tonnes d.w. to reach Mexborough, and those up to 400 tonnes d.w. to reach Rotherham.

BRITISH AIRPORT EQUIPMENT group, a consortium of aviation ground support equipment manufacturers, has won a £1m contract from the Nigerian Airports Authority for the newly opened Murtala Muhammed airport at Lagos. BAE are the only British suppliers to receive an order for this big new airport styled on Schiphol, Amsterdam.

The terminal building will have 31 checking-in positions.

Manufacturers involved in the contract are Reliance-Mercury (towing tractors for Boeing 747 aircraft), Cargomatic (aircraft loaders), OM Aviation GSE (toilet and water servicing vehicles), Weldwork Cargo Systems (container storage equipment), Raynar Power (air conditioning unit), Watgrel Engineering (airstairs and tow bars), AMREC (maintenance services).

The Port of Singapore Authority has placed an order worth over £300,000 for 44 Haulmajor roll-on, roll-off dockyard tractors from the Halifax-based company Reliance-Mercury.

The Post Office is to buy 830 specially designed 120 baud modems from ATS TELEMETRY, Raywards Heath, for use with the PO's planned national radio paging system. ATS has also developed a micro-processor encoder to enable different manufacturers' "bleepers" to interface with the network. Valued at £200,000, the modem and encoder equipment will be installed over the next two years, to provide a service for 1.4m customers throughout the UK.

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LABOUR NEWS

New dispute at the Times

BY CHRISTIAN TYLER, LABOUR EDITOR

A DEMARCATION dispute has broken out at the Times only days before it is due to reappear after its 11-month shutdown.

Graphical and Media Personnel. Last night, the Times said that the dispute was not considered a serious threat to republication of the newspaper.

The aim was to secure agreement on new disputes procedure, manning levels and co-operation with new technology.

Shell tanker drivers reject 20% pay offer

BY NICK GARNETT, LABOUR STAFF

SHELL'S tanker drivers and distributor manual workers have voted to reject the company's pay offer, worth about 20 per cent.

Once these proposals have been made—and almost certainly rejected—a new round of talks with the companies will begin.

Shell estimates at about another 2 per cent. Esso is understood to estimate its conditions package, which is better than Shell's in certain respects.

Union officials, in recommending rejection of the offer to the 2,000 strong workforce warned the company that there had to be more on basic pay and that productivity would only be discussed separately.

Esso has made a similar offer to its tanker drivers for which the union is recommending rejection. The same level of offer is expected to be made by BP and Petroco in negotiations over the next week.

General haulage drivers are currently settling on increases of about 20 per cent, taking their 40 hour basic to £76 or £77.

UK NEWS

ENERGY REVIEW

Bad dreams at Belvoir Vale

BY JOHN LLOYD



The two faces of Belvoir—the traditional past and the possible industrial future

THE SUCCESS of pressure group politics depends upon making a case which, though it may draw its immediate inspiration from local grievances or fears, has universal, or at least national, significance.

As a general rule, this will do. It needs qualification in each particular case, of course. A pressure group in a village which wants a road to curve away from, rather than through, it (or vice versa) does not have to make much of a case for or against motor transport; its defence implicitly rests on a shared concept of the value of rural peace.

Thus the first lesson of the Belvoir inquiry is that two parallel developments in our society—the pressing need for large-scale energy projects, and the growth of community and environmental pressure groups—have developed a relationship at once dependent and antagonistic.

There is a subsidiary point here, one raised by Mr. David Hall, the director of the Town and Country Planning Association. In a statement to the inquiry, the association, which had intended joining the queue of pressure groups, has been forced to withdraw because of a strained budget; he reckoned that the mounting of even a very low level representation would cost around £20,000.

Second lesson The second major lesson to be gleaned from the inquiry to date is that the Coal Board is taking the proceedings extremely seriously. It has three QCs; its senior counsel, Mr. Robert Alexander, has full powers over the way the Board handles its case.

NCB proposal The NCB proposal, which is being put forward by the National Coal Board, is a three-shift mining development which would produce 10 million tons of coal a year for the next 100 years. The inquiry into the proposal began last week and will last for nearly two months.

But there are losses, too. In a recent lecture, Mr. John Mills, the Board's member for production, ruefully commented that our times might come to be called the "Age of the Environment," and said that the time now taken to fight new mining

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LORD ROBBINS URGES A SINGLE EUROPEAN CURRENCY

'Western Europe must unite to survive'

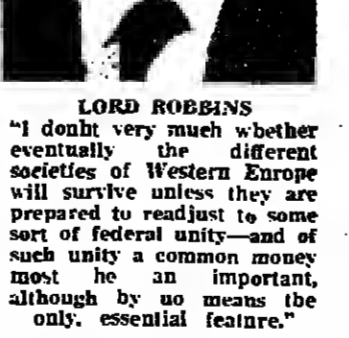
BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE CREATION of a single monetary unit in Western Europe in order to curb inflation and to produce stable conditions was urged last night by Lord Robbins.

Lord Robbins, Professor of Economics at the London School of Economics from 1929 to 1961 and chairman of the Pinocelli Commission from 1961 to 1970, was delivering the second Maitz lecture at the Centre for Banking and International Finance at the City University.

Lord Robbins also argued that in the long run a system of floating rates could be maintained only if it involved exchange control somewhere or other. "Otherwise the anticipation of exchange leads to movements of funds which may be blightfully disequilibrating and may eventually lead to the disuse of those currencies which are expected to deteriorate fastest."

Lord Robbins stressed the need to go much beyond the present arrangements and proposals with different rates of growth in money supply in the different Western European centres, a system of fixed exchange rates must inevitably break down.



LORD ROBBINS

"I doubt very much whether eventually the different societies of Western Europe will survive unless they are prepared to readjust to some sort of federal unity—and of such unity a common money must be an important, although by no means the only, essential feature."

Table with columns: FOOD PRICE MOVEMENTS, November 8, Week ago, Month ago. Rows include BACON, BUTTER, CHEESE, EGGS, LAMB, PORK, POULTRY.

either way, between the rate of change of output and the rate of change in the money supply lead to damaging changes in the value of money.

Lord Robbins also stressed the need to take account of cost inflation and of some role for variations in fiscal policy. He said he was reluctant to forswear in all circumstances recourse to any fiscal instruments.

On the contrary, if there is restraint in such quarters, either voluntary or statutory, this need not happen. "This then is the genuine use of such policies, not to curb inflation—that is better done in other ways—but rather to prevent an increase of unemployment. Admittedly they cannot be expected to work for ever; all such policies known to me, at least in democracies, have sooner or later come to grief."

Post Office engineers back action POST OFFICE engineers yesterday voted to take industrial action over a claim for pay increases of 10 per cent if an attempt to take the claim to arbitration failed by January.

Delegates at a special conference in Blackpool of the Post Office Engineering Union, which represents 120,000 key telecommunications workers, set the deadline after hearing a report that moves over the claim were derailed.

Through delegates voted yesterday for possible industrial action, a similar vote taken at the union's annual conference in June led to a deferment of the action three weeks later after substantial progress in negotiations with the Post Office.

Gormley to quit Labour inquiry

BY OUR LABOUR EDITOR

MR. JOE GORMLEY, president of the National Union of Mineworkers, said yesterday he thought the committee of inquiry into the Labour Party was "pointless," and that he was quitting the trade union group that demanded it.

He said the party was now Left-dominated. "There are certain people on the national executive committee who want a Marxist party. That is OK. But I tell you nobody will vote the party back to office on that platform."

Drivers' strike may close 15 Manchester factories

BY OUR LABOUR STAFF

PRODUCTION at Ward and Goldstone's 15 Greater Manchester factories is threatened with a total shutdown from tonight because of a strike by 36 transport drivers. More than 5,000 employees have already been laid off, and the management of the cable and electrical products group says a further 1,000 will be laid off tonight.

nothing is coming into or out of our Greater Manchester locations. The strikers, members of the Transport and General Workers' Union, handle the movement of goods internally and between the various factories. Contract firms are normally used for other haulage work but pickets are preventing vehicles from going through the factory gates.

Seamen's talks continue

THE National Union of Seamen, representing 34,000 ratings, received yesterday an improved offer from the General Council of British Shipping. Talks were still going on late last night.

The pay and conditions package offered to the union last month was worth about 15 per cent. Union negotiators were expecting a new offer worth about the same as that made to Merchant Navy officers. That was made up of 17½ per cent on pay and 2 per cent for improved holiday arrangements.





هكزمن التحول

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†FROM NOVEMBER 1979. PRICES FOR PRINCESS 2000HLS (MANUAL GEARBOX) £4,232. PRINCESS 2000HLS (AUTOMATIC) £4,694. PRINCESS 1700HLS (MANUAL GEARBOX) £3,899. PRINCESS 1700HLS (AUTOMATIC) £4,361. PRINCESS 1700HLS (MANUAL GEARBOX) £3,899. PRINCESS 1700HLS (AUTOMATIC) £4,361.

THE PROPERTY MARKET BY MICHAEL CASSELL

Sainsbury not going to Dodge City

SAINSBURY'S DECISION to enter the UK do-it-yourself retail market with a foreign partner has upset Dodge City the fast growing, privately owned DIY superstore chain.

Dodge had been expected to link with Sainsbury in a joint venture to develop a new £3m shopping complex, including a 40,000 sq. ft. Dodge DIY superstore and garden centre on a ten-acre site in North Leeds.

But Sainsbury's chairman Richard Northcott says that his company will not be asked to take part in the project after all. This follows Sainsbury's link-up with Belgium group GB-Immo-BM to form a new joint company to attack the £1.5bn British DIY market.

Sainsbury yesterday accepted that Dodge's name had been included in the original planning application to develop the Leeds site but said that there had been no legal or formal agreement between the two companies.

"We accept that it had been understood that Dodge would be involved but the situation fundamentally changed with our agreement with the Belgians. We naturally regret what has happened but clearly since we decided to enter this market with our Belgian partners we could not go ahead with Dodge," said a spokesman.

Last March, Sainsbury wooed the tender to develop the site

Arrowcroft in £20m development

ARROWCROFT is to develop Stafford's £20m central redevelopment scheme in partnership with Standard Life Assurance.

The fully-pedestrianised project will provide 150,000 sq ft of shopping space, a new market and a 400-space car park. It will be carried out on a four-acre site in the conservation area close to the market square.

Construction of the Stafford scheme is expected to start in about a year's time, with completion due in 1982.

Arrowcroft now claims to be one of the most active developers in terms of current central area redevelopment schemes and industrial partnership schemes with local authorities.

The Stafford project is the second scheme to have been awarded to the group by a local authority in the past month. In October, the London borough of Hammersmith awarded Arrowcroft a £16m industrial development scheme at the White City, which will entail 300,000 sq ft of factory and warehouse space as well as a 30,000 sq ft office block.

Elsewhere in the UK, the group has joined Cruden Developments in a 140,000 sq ft retailing scheme at Chester, while in London it has been joined by Royal Insurance in developing the Bankside industrial centre near Blackfriars Bridge, which will offer around 42,000 sq ft in individual units.

London—'No more offices needed'

GREYCOAT ESTATES would be better off building offices in Bexleyheath or Barking than on the south bank of the Thames because there could soon be little need for new office space in central London, according to town planner Peter Brown.

Mr. Brown, who has just given evidence at the Coin Street inquiry in support of the action group opposing the mixed office-housing-leisure complex, plainly believes that any developer contemplating a scheme of Greycoat proportions on the south of the river has not done his homework about future demand for office space in London.

Mr. Brown also claimed that Greycoat wished to create the "bustle and brash excitement" associated with West End night life and said that it could not simply be transplanted onto the Coin Street site.

Greycoat would clearly disagree on both points, but what Mr. Brown had to say about the future for offices in the capital will give developers, investors and estate agents something more to think about on a new familiar theme.

He spelled out a picture of growing decentralisation from London, with declining numbers of people seeking work in the centre and demand for office space also dwindling.

Mr. Brown highlighted and endorsed earlier evidence to the inquiry which suggested that micro-chip technology could itself create a 20 per cent cut in office employment in the next decade or so.

In recalling that the decline in central London office employment in the five years up until 1976 was over twice the rate in the previous five years, Mr. Brown claimed that public service jobs—which have accounted for a large proportion of London job opportunities—are now about to decline. In addition, employment in the so-called "growth services," such as banking, insurance and business services had already started to fall.

His gloomy scenario may not square with the present situation in the City and West End, where good space is more hard to find than at any time in the past five years and he claimed current high rents only showed that offices were financially viable, not that they proved the need for more or that such developments were "socially or economically necessary."

Tesco campaigns for building allowances

TESCO is busy gathering support for a campaign to get industrial building allowances extended to all new retail premises.

The group's finance director, Mr. Ralph Temple, is lobbying hard to secure changes in what he describes as the discriminatory nature of the allowance system and which, he claims, both major parties have acknowledged.

Current allowances now effectively provide manufacturing investors with full depreciation on capital expenditure and are available on all industrial buildings.

Mr. Temple says: "Although there is general recognition that the discrimination between industrial and commercial property is unfair, nothing is done."

The Tesco case is that the retailing sector has come a very long way since industrial building allowances were first conceived and that now it is increasingly dependent upon the development of large, cost effective units housing a range of advanced storage and processing facilities.

Mr. Temple claims: "The only similarity between modern retailing outlets of this scale and their pre-war predecessors is that both are still called shops. Otherwise, they bear virtually no resemblance to each other."

He adds: "The ridiculous thing is that if I manufactured lolly-pop sticks I would qualify for capital allowances, yet as someone who wishes to invest in a sector of the economy which has become increasingly important in recent years I am denied any such consideration."

The availability or otherwise of building allowances clearly has major implications for an operator of Tesco's size. The group has about 530 branches in the UK and in its current financial year expects to spend over £100m on its branch network, the bulk of that sum involving new construction.

In the six years ending last February, Tesco spent just over £82m on store expansion and, with the IBA, could have expected to offset about half that figure in allowances.

But while any move to extend allowances into the retailing sector would clearly not do any harm to Tesco's own finances, Mr. Temple says he has much wider interests at heart.

"We are asking the Government to amend the Capital Allowance Act 1968 not simply to safeguard the essential provision of neighbourhood shopping, but also to guarantee continuing investment in units that have a proven value in containing price inflation by the application of the economies of scale to retailing."

"As a group we confront enormous volumes of capital expenditure and while we readily accept that stock appreciation relief has been a big help that won't go on forever."

IN BRIEF

Peranka Investments has paid "well over" £300,000 for 20-23 Widgate St., City—featured in this column in August after being sold earlier in the year for around £150,000 and put back on the market at an asking price of £342,000. Healey and Baker acted for Peranka and Baker Harris Saunders represented the vendors.

Fleming Property Unit Trust has purchased the freehold interest in a 3,000 sq ft reversionary office building at 3, Deanery St., W1 for more than £510,000. They were advised by Lambert Smith and Elliot Son and Boyton represented Capital Life Assurance.

Brooke Bond Liebig Pension Fund has purchased a recently completed industrial scheme on the Molly Millars Lane estate in Wokingham. It paid about £125m for the investment, which has a current income of £93,400 a year, and was advised by Jones Lang Wootton.

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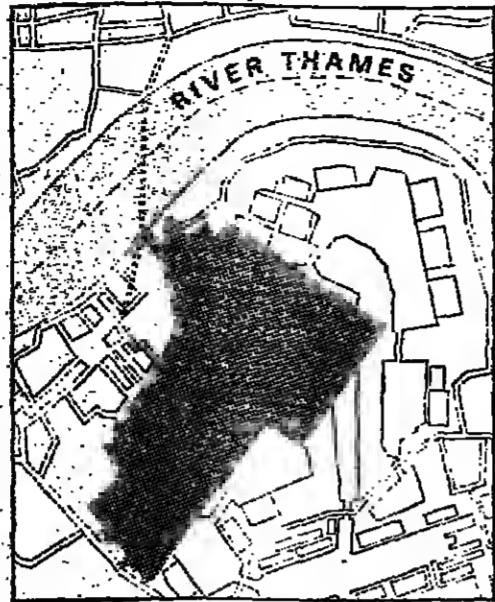
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For full details contact: Brian Hirst, FRICS, Director of Industry and Commerce,

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Telephone: 01-583 0616. Telex: 919443 GLCHQ G.

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By order of THE SECRETARY OF STATE FOR THE ENVIRONMENT AND THE GREATER LONDON COUNCIL

# THE EFFRA SITE Vauxhall Bridge, London SW8

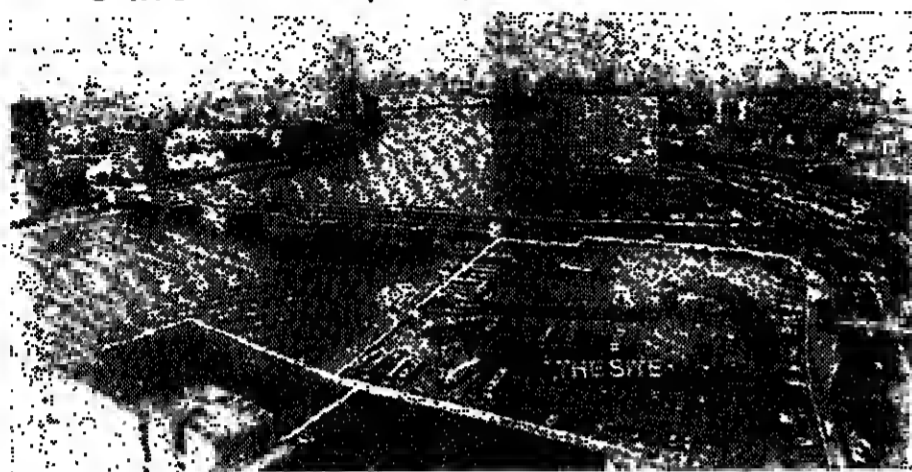
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- 67 acres on small river with residence dating to 1791. \$150,000.
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What was missing at Birmingham

BY JOHN ELLIOTT THE CONFEDERATION of British Industry's conference is now an established part of the annual round of national assemblies...

Relations In Birmingham, the 1,100 representatives of companies and employer and trade associations only really seemed at home with personal issues...

Education On a wider front, major issues of national importance need to be debated. Education would be an obvious topic since it concerns everyone...

TV Radio BBC 1 9.05 am For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges...

F.T. CROSSWORD PUZZLE No. 4,121

Crossword puzzle grid with clues: 1. Ridicule bear at the double (4,4). 5. Straw poll taken by church pious (6). 9. Harder doing business with King Edward (6).

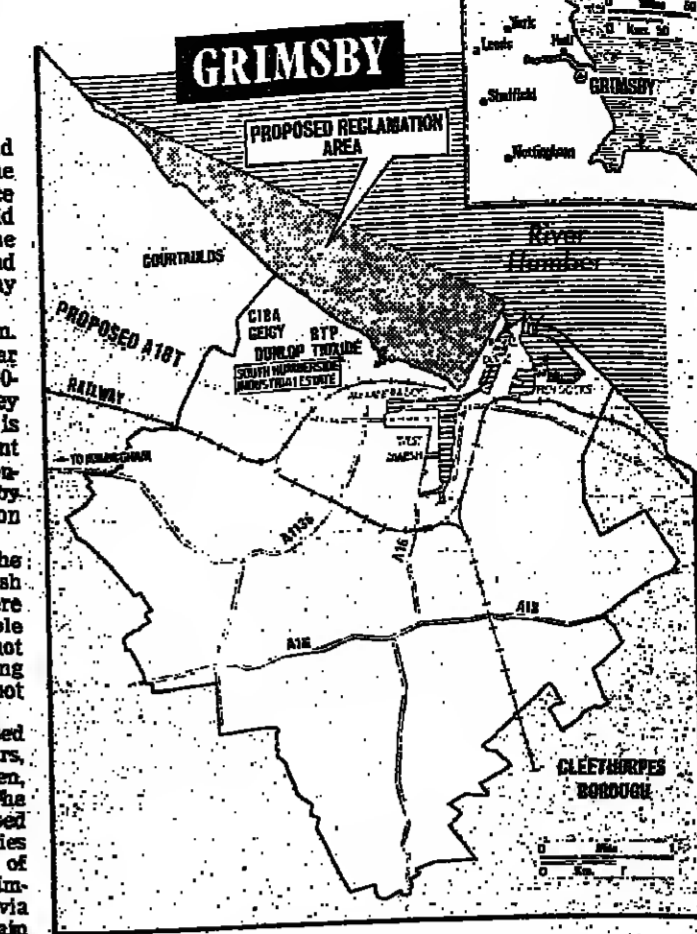
ACROSS 1. Ridicule bear at the double (4,4). 5. Straw poll taken by church pious (6). 9. Harder doing business with King Edward (6).



THE FIRST thought that comes to mind when Grimsby is mentioned is fish. While that industry still plays an important role in the local economy...

Casting the net wider

BY ANTHONY MORETON So the in-shore fleet has concentrated in its three fish docks and this business is reasonably affluent—sufficiently profitable, anyway...



GRIMSBY situation. Grimsby's problems are that it is one of the main eastern industrial points in England, has trouble in attracting skilled workers...

Carson can win on Stand Easy

OVERTRICK (20-1), Northleach (10-1) and Micklethwait (5-3) were the main contenders at Doncaster on the corresponding day a year ago...

RACING BY DOMINIC WIGAN

Doncaster 12.30—Elizabeth Jane 1.00—Alfred Milner 1.30—Stan Gordon\*\* 2.00—Stand Easy\*\* 2.30—Cannon King\* 3.30—Lewston 4.00—Silly Abdull

ENTERTAINMENT GUIDE

OPERA & BALLET COLEBURN THEATRE 8.30-8.58. The Marriage of Figaro. 9.00-9.15. The Marriage of Figaro...

THEATRES

GRIMSBY THEATRE 8.15-8.30. The Marriage of Figaro. 8.45-9.00. The Marriage of Figaro. 9.15-9.30. The Marriage of Figaro...

BBC 2

11.00 am Play School. 12.45 pm Racing from Cheltenham. 1.50 pm The Model World of Robert Symes.

LONDON SCHOOLS PROGRAMMES

12.00 The Learning Tree. 12.10 pm Phipkins. 12.30 Emmerdale Farm. 1.00 News, plus 27 Index.

Radio Wavelengths

1 105.3kHz/225m 108.9kHz/275m 2 121.5kHz/247m 121.5kHz/247m 3 121.5kHz/247m 121.5kHz/247m

WESTWARD

12.27 pm Cur Honorary Birthdays. 12.30 pm Westward Home Headlines. 1.00 pm The Friday Matinee.

YORKSHIRE

12.20 pm Yorkshire News. 12.45 pm Yorkshire News. 1.00 pm Yorkshire News.

BBC Radio London

12.00 pm Radio 2. 12.30 pm Radio 2. 1.00 pm Radio 2. 1.30 pm Radio 2.

Stone Celebrate National WEATHER Save trees - save the woodlands. The wooden tru SAVE TREES. A little braising.



IN A DECADE 100,000 JOBS HAVE BEEN LOST AND MORE LOSSES ARE TO COME

# The dangers facing industry in Scotland

BY RAY PERMAN, Scottish Correspondent

20  
**FINANCIAL TIMES**  
 BRACKEN HOUSE, CANNON STREET, LONDON EC6A 4BY  
 Telephone: 01-554 2000  
 Friday November 9 1979

## China's move westwards

THERE HAS inevitably been some disappointment that Chairman Hua's tour of western Europe has not led to the placing of any major contracts with European industry. But that should not mask the real importance of the visit. Hua's tour is part of the broadening of relationships with the rest of the world on which China is now embarked. From the limited contacts the Chinese had with most European countries until recently—and the even more limited contacts there were with the United States until full diplomatic ties were established earlier this year—China is looking to a multi-tiered relationship with the OECD countries of the west they now have with East Europe.

**Interest**  
 This involves increased commercial, cultural and technological exchanges as well as new departures such as joint ventures and China's borrowing on western commercial markets. It means more Chinese visiting the west and the opening of China to more western visitors. It could mean China seeking membership of the World Bank, GATT and the IMF.

The west has an interest in seeing that this process runs as smoothly as possible because it has an interest in an outward looking, prosperous and stable China. It is an unhealthy international system from which a country of China's size and with the historic influence China has carried in the world should be excluded or lock itself out. Now that China is increasingly experimenting with western management and pricing mechanisms, the closer such links can be the better.

## How to control Rolls-Royce

ROLLS-ROYCE is one of the world's three leading aero-engine builders. As a large exporter in a high-technology industry, it is an asset to British industry. But its national importance does not mean that it is exempt from commercial considerations. It is not entitled to an endless supply of taxpayers' money in the hope that in 10, 20 or 30 years' time it may make an adequate return on the investment. Ideally it should be returned to the private sector, just like its two U.S. competitors, but the enormous costs associated with the RB-211 programme and other new engine developments preclude that solution for some time to come. Thus it is more important that, while Rolls-Royce remains in the public sector, it should be subject to strict financial controls, with clear profit targets and clear limits on its access to public money.

**Resentment**  
 The last Government gave the National Enterprise Board the task of supervising Rolls-Royce a decision which was resented by the management of the company, which preferred to deal directly with the Department of Industry. The argument was that a commercially-minded organisation like the NEB was more likely to impose the necessary disciplines than civil servants. Earlier this year, shortly before the election, the Government instructed the NEB to secure by 1981 a rate of return of 10 per cent on capital employed in Rolls-Royce and a progressive increase thereafter. This was not an unduly demanding target, but it at least gave the company and the NEB a framework in which its performance and its requirements for new funds could be assessed.

Since then the financial performance of Rolls-Royce has been badly hit by the strength of sterling, and the chairman of the NEB has been openly critical of the company's management. It now appears that the Conservative Government is considering a change in the control arrangements, taking the job away from the NEB and returning it to the Department of Industry. While the change would obviously be welcomed by the management of Rolls-Royce, it is not clear what else it would

**THIS MORNING** unions and workers at Massey Ferguson's combine harvester factory at Kilmarnock, Ayrshire, meet the management to hear what the plants' future is to be. They fear the worst, but hope for the best. The bad news could be complete closure with the loss of 1,500 jobs, a devastating blow to an area that has already suffered more than most in the past year and one likely to be borne with grim resignation by the labour force. But the real guide to how depressed the level of expectations in Scotland has become is what employees, unions and Government alike would regard as good news—not the salvation of the plant or anything like it; everyone knows that is in the realms of fantasy. The best that could come out of today would be an announcement by the company that it intends to keep on 500 people so that only 1,000 people face the prospect of unemployment.

**Centralisation pressures**  
 Although individual circumstances may vary from industry to industry, Massey Ferguson is being squeezed by basically the same pressures that have forced many other companies to take similar decisions in the past few years: costs are rising uncontrollably and demand is shrinking. While it looked like good sense to set up satellite manufacturing plants when the Western economies were buoyant, it now looks equally logical that they should be the first ones closed when it becomes necessary to scale down production and reduce overheads.

**MAJOR CLOSURES AND REDUNDANCIES ANNOUNCED THIS YEAR**  
 (Actual output may vary from initial announcement)

January	Singer, Clydebank	1,500
	SKF, Irvine	800
	Dunlop, Inchinnan	250
February	Goodyear, Drumchapel	700
March	Pye TMC, Livingston	500
May	McDermott, Ardross	360
June	Singer	300
July	BSC, Craigleuk	200
	BGC, Methil	300
August	Burston and Fabricators	800
	BSC, Larnehill	350
	British Shipbuilders, Greenock	300
	Govan	1,100
	Monsanto, Ayrshire (2 plants)	880
September	Prescott (2 plants)	900
	Lawson's of Dyce	600
	JBE, Clydebank	600
October	Collins, Bishopbriggs	600
	Times, Dundee	400
	Singer	3,000
	Model Toys, Shotts	200
November	BSR, East Kilbride	1,000
	Chrysler, Linwood	1,250

**Centralisation pressures**  
 In this particular case the company wants to centralise production in combines at its larger French factory. Shop stewards are taking it hard, saying their industrial relations record is better than many in the engineering industry—they were not involved in this year's national engineering strikes, for example—and, although they have no management figures to back it up, they claim Kilmarnock was highly profitable in the days when it was running at near maximum output of 90 machines a week. It is difficult, however, to see how it can be anything but disastrously unprofitable now that output is below a third of that level.

**Disturbing images**  
 British companies have a stockpile of excuses for poor performance: strikes, the weather, a rising (or falling) pound. A more original explanation was offered this week by Henry Epp, the Sheffield construction company, for losses in its leisure division. Epp opened a squash centre in Windsor, hoping to attract the well-beeled and athletic commuter. All went well until the company engaged a brawny barman, whose arms were decorated with extravagant tattoos. This unaccustomed spectacle, according to the company, offended the sensibilities of the Windsor squash-playing class, and profits slumped.

**Telly amistice**  
 It might have been a highly embarrassing occasion. It turned out—by a hair's breadth—to be one with smiles all round. West Germany's Foreign Minister, Hans Dietrich Genscher, yesterday accepted a gold medal for "services to Europe" from Luxembourg Foreign Minister, Gaston Thorn. Only 24 hours earlier, Genscher had performed one of his most practical services to Europe by stating

thoughts running through their heads may, however, not be entirely about the vaunted "no maintenance warrior". According to Pegg, retailers' got thefts from their cash-and-carry wholesalers and about 2 per cent to the prices they have to pay, an increase naturally passed on to the ultimate consumer: "They put packs of ham between the axles of the trolleys, stuff razor blades down the centre of tubes... it's part of a great vicious circle."

ment of Mr. Jimmy Milne, general secretary of the Scottish TUC when told of a major closure last week. The days of the strike have gone with the last of the workers' co-operative. Now it is all that many shop stewards can do to hold the workforce of a doomed plant together during the redundancy negotiations. Most members would rather take the first offer and get the hell out," one told me.

**JOBS AT RISK:**  
 Massey Ferguson 1,500  
 Wiggins Teape, Fort William 600  
 Marathon, Clydebank 1,100  
 Robb Caledon, Dundee 1,100  
 Scottish Marine 1,000

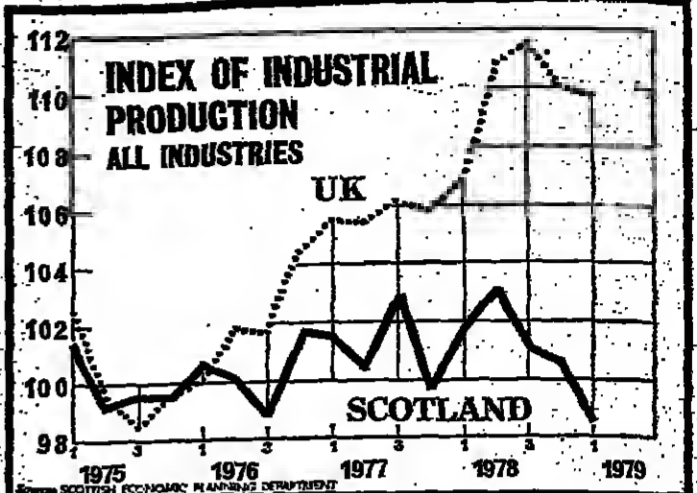
market will inevitably destroy those companies and industries that have outlived their usefulness and all that the Government can do is to fertilise the ground in which hopes new enterprises will spring up. Unions and the Labour Party see things differently. They argue that the crises many companies are facing now are the product of short term forces, but unless the Government acts to support them, these companies will be out of business by the time markets again pick up.

It will be a test for Mr. Younger's mettle whether he is able to hold to his view. In his relatively small parish he feels the pressures from unions, communities and Labour MPs, who are in the majority in Scotland, more than does the Industry Secretary, Sir Keith Joseph, and all the indications are that they are going to intensify. The widespread belief is that the recession is at least a year away from its bottom and the latest CBI trends survey for Scotland was, if anything, even more pessimistic about the prospects than those for the UK as a whole.

**Black achiever**  
 Godfrey Hope is a 24-year-old West Indian who uses a £250,000 Bentley mansion as his headquarters. This week he flew back from Geneva with a cheque for nearly £100,000 to support his newly-launched magazine. He told me "Newspapers do not tell the full story about us blacks. You always say we are deprived, and you ignore the black achievers." Hope left a comprehensive school in South London at 17, and now files regularly to West Africa to sell electronic equipment.

**Essential reading**  
 They are scratching their heads at the British Institute of Management over an inquiry from the HM Prisons department at Cardiff—it is anxious to lay its hands on the BIM guide called Controlling Absenteeism.

**Observer**  
 H. K. M. Al-Jamil



to set up assembly plants where workers can be trained to a fairly low level of skill to put together products designed and developed elsewhere. This is particularly true in the electronics industry where apart from the two major UK owned firms with bases in Scotland, Ferranti and Marconi, most of the other large plants are assembly operations with very few frills. It is not only confined to one industry. The management of Chrysler UK has hinted that Linwood may also be moving in this direction.

**Dependent plants**  
 How this development is viewed depends on one's concerns. To the Government and the trade unions, anxious to have jobs sooner rather than later, it is a case of taking what is on offer. The reliance on investment from abroad to create new industries means that there will be a large proportion of dependent plants in the economy. To be fair, the Government is also doing what it can to encourage indigenous entrepreneurs, but it is a slow process. The Scottish Office and the Scottish Development Agency have recognised the dangers of a low skill base and have been pressing the techni-

The experience is unforgettable. Just remember the name.

Hennessy Cognac

Observer











Marketing & Advertising Manager

LONDON—WEST END FIVE FIGURE SALARY

European Director of Travellers' Cheques for one of the world's largest international banks seeks a Marketing and Advertising Manager to be based in the West End office in London.

J&C.P.

COMPANY NOTICES

THE LONG-TERM CREDIT BANK OF JAPAN FINANCE N.V. U.S. \$75,000,000 Floating Rate Notes 1978-1985

THE BRAZIL FUND S.A. SOCIETY OF INVESTMENT INC. 1977 Issue

BOND DRAWINGS

REPUBLIC OF SOUTH AFRICA 8 1/2% 1979/1982 U.S. 20,000,000 Loan

PLANT AND MACHINERY

BRONX Model PPW1210 Three roll pinch bending rolls, 10ft x 1 1/2in

WE, THE LIMBLESS, LOOK TO YOU FOR HELP. We come from both world wars. We come from Kenya, Malaya, Aden, Cyprus, ... and from Ulster.

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1978 LINHURST PROPERTY CO. LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the office of LEONARD CURTIS & CO.

THE COMPANIES ACTS 1948 TO 1978 PENFOLD PROPERTY COMPANY LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the office of LEONARD CURTIS & CO.

THE COMPANIES ACTS 1948 TO 1978 PHILIP MONJACK, F.C.A.

OVER-ALL ROOF COVERINGS LIMITED

THE ROYAL BANK OF SCOTLAND LIMITED

THE FISCAL AGENT KREDIETBANK S.A. LUXEMBOURG

ENTERTAINMENT GUIDE

CINEMAS

THE COMPANIES ACTS 1948 TO 1978 FORMWORTH LIMITED

UK COMPANY NEWS

BIDS AND DEALS

BAT paying £87.8m for Imps stake in Mardon

BAT Industries is paying £87.8m for the 50 per cent share in Mardon Packaging International which it is buying from Imperial Group to make it a fully-owned subsidiary.

Dundonian's offer for Algrey

DUNDONIAN is making its first move into property development with the proposed acquisition, completed yesterday, of Algrey Developments from Johnson and Firth Brown for £5.12m.

Sekers agrees £1.6m for David Evans

Sekers International, the clothing and fabric group, has left in with an agreed bid of just over £1.6m in cash and shares for David Evans, the privately-owned textile company for which Sellco has already made an all-share offer currently worth around £30,000.

WEDGWOOD BUYS NAMESAKE FOR £1.6M

Wedgwood has reached agreement to buy Enoch Wedgwood (Tunstall) from its American-owned parent, ARA Marketing Services.

WAGON INDUSTRIAL

The sale of Wagon Reprints, a wholly-owned subsidiary of Wagon Industrial Holdings, to Pacer (UK) has been completed.

austinsuite FURNITURE The 42nd Annual General Meeting of F. Austin (Leyton) Ltd. was held on 8th November, 1979 at the Company's Registered Office, London E10.

UK COMPANY NEWS

LASMO expects over £20m

London and Scottish Marine Oil expects to make pre-tax profits of over £20m for 1979. Of that it will have to make provisions of £17m for Petroleum Revenue Tax but no corporation tax.

BTR/CAMPBELL AND SHERWOOD

At the EGM of Campbell and Sherwood a special resolution reorganising the share capital was passed.

HONGKONG LAND IN JOINT VENTURE

The Hongkong Land Company and Far East Consortium have formed a 50/50 joint venture property trading company.

KENNEDY SMALE BIDS FOR HARROTT

Kennedy Smale, the textile machinery engineer, is bidding for the 29.9 per cent of Harrott which it does not already own.

Interim Statement

At a meeting of the Court of Directors held today the unaudited results for the six months ended 30th September, 1979 were considered.

Table with 4 columns: Item, 30 Sept. 79, 30 Sept. 78, 31 Mar. 79. Rows include Operating Profit, Profit before Taxation, Profit after Taxation, Retained Profit, Earnings per IRE1 of Capital Stock.

(i) The Bank profit for the half year to 30th September, 1979 was arrived at after providing a sum of IRE2.4 million being one half of the aggregate of:—

Table with 4 columns: Item, 30 Sept. 79, 30 Sept. 78, 31 Mar. 79. Rows include Stockholders' Funds, Loan Stocks, Liquid Assets, Investments, Advances to Customers, Other Assets.

UK COMPANY NEWS

G R (Holdings) tops £3m after good second half

WITH second-half profits improving from £1.28m to £1.7m, the taxable surplus of G. R. (Holdings) advanced to £3.07m in the year to June 30, 1979, compared with £2.46m last time.

Turnover of the sheepskins, furs and leather group rose £3.78m to £22.66m.

The net total dividend is effectively increased from 5.3p to 6.4p, with a final 5p. After tax of £1.61m (£1.28m), earnings per share are stated higher at 31.3p, against an adjusted 27.7p. The dividends absorb £414,475 (£221,182).

Bowater completes U.S. expansion

The Bowater Southern Paper Corporation announces the successful start-up of the fifth newsprint machine at the Tennessee Mill in the U.S.

This marks the completion of a \$80m expansion programme and adds 140,000 tonnes of annual capacity to the newsprint mill.

Contracts for the sale of this increased capacity have been made with publishers in the southern and central states of the U.S.

Bowring sets up new agency

C. T. Bowring is forming Oberon Underwriters, a new agency company which will underwrite a 100-million account on behalf of a group of companies.

This group comprises the Sao Francisco Insurance Company

Fundinvest increases dividend

Net taxable revenue of Fundinvest rose from £558,441 to £525,589 in the year to September 30, 1979.

The final dividend is raised to 1.953p (1.647p), making a total of 3.153p costing £290,390. Last year's total of 2.89p cost £298,897.

Total assets less current liabilities at the year-end were valued at £10.88m (£11.44m) and the net asset value per share was 107p (116p).

Drayton Consol. earns more

AFTER charging tax of £1.35m against £1.2m revenue of Drayton Consolidated Trust rose from £1.85m to £2.1m in the year to September 30, 1979.

The net final dividend is stepped up from 3.2p to 4p making a total 5p (5.2p), costing £1.84m (£1.58m) and the balance retained amounts to £195,583 (£205,702).

Total assets less current liabilities at September 30, were valued at £77.18m (£78.06m) and the net asset value per share was 197p (213p).

The net asset value has been calculated on the increased ordinary share capital which would exist if the convertible unsecured loan stocks were wholly converted on the next conversion dates. Debenture and preference stocks have been deducted at their nominal values. No provision has been made for the tax on capital gains which would have been payable had the investments been sold at their market values at the balance sheet date. Investments listed overseas and foreign currency assets have been valued with the addition of the investment currency premium where appropriate. The total of such premium amounted to £1.88m (5.5p per share).

British-Borneo Petroleum to pay 11p interim

Taxable profits of British-Borneo Petroleum Syndicate were almost static in the half year to September 30, 1979. The surplus stood at £436,844, against £436,124.

The interim dividend is being lifted from 2.508p net to 3.25p and there is a 7.25p payment from the special dividends received from Shell. Last year the investment holdings and dealing company paid a total of 7.529p after lifting taxable profits to £521,000.

Corporation tax at half time was £97,570 (£110,860) and tax on franked income £71,818 (£72,890).

APPOINTMENTS

Alan Lord to be Dunlop managing director

Mr. Alan Lord, former second permanent secretary at the Treasury, is to become managing director of DUNLOP HOLDINGS from January 1. He will be responsible to Sir Campbell Fraser, currently chairman and chief executive who in January will become executive chairman.

Aged 50, Mr. Lord joined Dunlop in 1977 after leaving the Treasury and took over responsibilities for all aspects of Dunlop's strategic planning. At the beginning of 1978 he became a director of Dunlop Holdings, the parent company in the Dunlop group, and managing director of Dunlop International, responsible for group activities outside Europe and for the International Sports Company.

Mr. Lord is a non-executive director of Allied Breweries and chairman of the taxation committee of the Confederation of British Industry.

Mr. J. M. J. Gent has been appointed a director of PHOENIX ASSURANCE. He is chairman and joint managing director of the Guthrie Corporation.

The Prime Minister has approved the appointment of Mr. George L. J. Engle, to succeed Mr. Terence Skepp as Second Parliamentary Counsel on March 1, 1980.

Mr. Bill Adamson has been appointed managing director of BARRATT CONSTRUCTION with a seat on the Board of Barratt Developments (Scotland). The former managing director of Barratt Construction, Mr. Sandy Jolly, has been made a director of Barratt Developments (Aberdeen) with responsibilities for the Inverness area.



Mr. Alan Lord

Mr. Alan J. Hird, a partner in Dearde Farrow and Co., has been appointed as non-executive financial director of REALLENGE HOUSING COMPANY of Eastwood, Nottinghamshire, and to CATALONIA PAPER TUBES (UK), a subsidiary of Jose Ma. Artiga S.A. of Barcelona, Spain. The latter company is building a new factory in Bradford to manufacture paper cones for the textile industry.

Dr. A. W. Rudge has been appointed chief executive and managing director of ERA TECHNOLOGY, of Leatherhead. He succeeds Dr. Bryan Lindsey, who leaves to become director of research of Dunlop Limited. Mr. K. Sedgwick, company secretary, takes up the new post of deputy managing director at ERA Technology.

Viscount Sandoo has been appointed non-executive chair-

man of ORION BANK and Mr. T. Jefferson Cunningham III as group chief executive.

Mr. Roald Cartwright has been appointed chairman of MORTONAIR INTERNATIONAL as from January 1, 1980. He succeeds Mr. George Godwin, who is retiring from the Board after more than 50 years with the group and its predecessor companies. Mr. Michael Walters, who has been a non-executive director



Mr. T. J. Cunningham

Investing in North Sea and America oil and gas production through Viking Resources International N.V. Listed on the Amsterdam Stock Exchange.

The quarterly report as of 30th September, 1979 has been published and may be obtained from Pierson, Holding & Pierson N.V. Herengracht 214, Amsterdam.

of the company since 1968, will become deputy chairman and Dr. Hans Cremer, the managing director of the group's subsidiaries in Germany, will be joining the Board next January. Mr. Godwin will be retaining his association with the group as president and in a consultative capacity.

Following his secondment to Equity Capital for Industry, Mr. J. W. Findlay has resigned as director and investment manager of PRUDENTIAL PENSIONS and PRUDENTIAL PORTFOLIO MANAGERS and Mr. M. G. Newmarch, a deputy investment manager of Prudential Assurance, has been appointed in his place.

Mr. Allen Hewett has been appointed director of Industrial Relations for BRITISH SUGAR CORPORATION from December 1, and will be a member of

Mr. Paul R. Marchant and Mr. P. Andrew Rawlings have joined the H. CLARKSON (INSURANCE HOLDINGS) and have both taken up appointments on the Board of H. Clarkson International Reinsurance. Mr. Andrew Duggan has become a member of the Board of Clarkson Barrick and Co.

CORNHILL INSURANCE GROUP has appointed Mr. N. H. Matthews as assistant general manager with responsibilities for marine business.

Mr. Gordon Dean has been appointed managing director of ANGLIA-HASTINGS ASPHALT COMPANY. Mr. Digby Burnell remains chairman and chief executive. Mr. Dean was formerly a director of Gresham Trust.

Mr. Geoffrey Williams has been re-appointed chairman of the NATIONAL FILM FINANCE CORPORATION for three years. Mr. Allan Grant has been re-appointed chairman of the CINEMATOGRAF FILMS COUNCIL until December 31, 1980.

Mr. Leslie Smith has been appointed chief freight manager at the Western Region's Paddington headquarters of BRITISH RAIL, succeeding Mr. Peter Beereford, who has moved to the Marylebone headquarters of BR.

The following executives of ELECTROLUX have been made associate directors: Mr. Brian Brown (financial), Mr. Stanley F. Mitchell (works) and Mr. Robin A. Sutherland (marketing).

Two senior appointments within the postal business are announced by the POST OFFICE. Mr. Bill Coekburn, until now director of postal finance, takes over as director of the London Postal Region, while his predecessor Mr. Keo Noble, will be



Mr. Alan Lord

director of postal reorganisation to prepare the postal business for the separation of telecommunications from the Post Office.

Mr. C. H. Grinstead has joined the Board of ANSVAR INSURANCE COMPANY. He is at present secretary of Shell UK.

Mr. Cyril A. McCardy, the chief revenue officer of Newport Borough Council in Newport, has been elected president of the RATING AND VALUATION ASSOCIATION for 1979-80.

Mr. Rodney East is joining the Board of ETAM as finance director. Until recently, Mr. East was managing director of non-retail operations at Harrys.

Dr. J. Dickson Mahon, Lab/Co-op MP for Greenock and Port Glasgow, has been appointed to the Board of NORTH SEA ASSETS.

Pentos states that following its acquisition of the CAPLAN PROFILE GROUPE, the composition of the Board of that company is now: Mr. Ian Caplan, chairman and chief executive; Mr. Paul Caplan, joint managing director (sales and marketing); Mr. Don Richings, joint managing director (production); and Mr. Robin Ellis, finance.

Mr. W. G. Critchley, formerly a senior consultant and business division manager with Marketing Improvements, has joined BRACKEN KELLNER AND ASSOCIATES as a senior full-time associate.

Mr. R. W. S. Baker has been elected a director of SUN LIFE ASSURANCE COMPANY OF CANADA (UK) and becomes deputy managing director.

MITCHELL COTTS 1978/1979 RESULTS HIGHLIGHTS

- Engineering profits down but Transportation and Trading profits firm
- Increase in attributable profits
- Improved balance sheet

PROFIT SUMMARY		1979	1978
		£m	£m
Profit before Interest and Taxation		11.1	13.2
Profit before Taxation		7.2	10.2
Net Attributable Profit		5.8	3.6
Dividend - Final proposed		2.95500 p.	2.80000 p.
- Total for Year		3.61125 p.	3.45625 p.

Analysis of Profits	1979		1978	
	£m	£m	£m	£m
By Activity				
Engineering	4.9	7.5	3.0	2.7
Transportation	3.0	3.1	4.4	5.7
Trading	2.2	2.0	2.4	2.4
Group Expenses and Interest	(2.9)	(2.4)	0.3	1.8
	7.2	10.2	(2.9)	(2.4)
			7.2	10.2

Balance Sheet	1979		1978	
	£m	£m	£m	£m
Capital and Reserves	41.9	39.9	28.0	31.4
Minority interests	6.0	7.9	4.3	4.4
Deferred taxation	0.8	0.3	1.4	2.2
Investments			2.3	2.7
Long term loans	8.0	8.8	5.7	5.8
Medium term loans	5.5	10.1	20.5	20.5
	62.2	67.0	62.2	67.0

Mitchell Cotts Group Limited  
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This announcement appears as a matter of record only.

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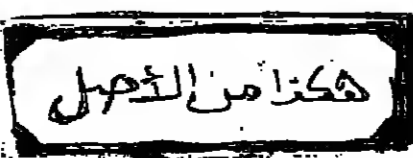
Commerzbank Aktiengesellschaft London Branch	First National Bank in Dallas
Grindlays Bank Limited	Westdeutsche Landesbank Girozentrale
Allied Irish Investment Bank Limited	The First National Bank of Chicago
Australia and New Zealand Banking Group Limited	Banque Belge Limited
The Chase Manhattan Bank, N.A.	Credito Italiano, London
The National Bank of Australasia Limited	Nordic Bank Limited
The Royal Trust Company of Canada	

Agent

**S. G. Warburg & Co. Ltd.**

November 1979

The irrepressible Bernard Levin.  
Back next week.



THE TIMES  
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But be sure to re-order your daily copy.

Companies and Markets

NORTH AMERICAN NEWS

AMC moves ahead but layoffs mount at GM

BY STEWART FLEMING IN NEW YORK

GENERAL MOTORS, the world's largest car producer, yesterday announced further sharp cuts in its labour force on the same day that American Motors (AMC), the industry minnow, disclosed that it was the only U.S.-owned car company to earn a profit in the U.S. in the third quarter of the year.

GM disclosed that it was laying off indefinitely 5,750 workers as a result of a decision to reduce shifts at three car and light duty truck plants and to slow assembly line speed at another car plant. About 1 per cent (37,250) of GM's U.S. blue collar workforce is now laid off. Layoffs in the industry as a whole are around 100,000.

September 30, AMC announced yesterday that in the same period (its fourth fiscal quarter) net income was \$10.6m. This represented a sharp fall compared with a year ago, however, when net income was \$25.9m.

For the year as a whole, however, AMC's net income before extraordinary credits, was \$68.1m, or \$2.07 a share, compared with \$24m or 75 cents a share in the year ended September 30, 1978.

The company said its restructured car operations were solidly profitable, adding that its products were properly placed to meet the strong demand for smaller economic passenger cars. This resulted in increased penetration of the small-car segment of the market.

While General Motors, Ford and, of course, the financially troubled Chrysler, have all reported operating losses in the U.S. in the three months to

Black and Decker record

By Our Financial Staff

BLACK & DECKER, the world's largest manufacturer of portable power tools, pushed earnings 91 per cent ahead in the fourth quarter to achieve record earnings for the year.

Bethlehem fears setback

BETHLEHEM—Unless Bethlehem Steel Corporation, the second largest U.S. steel producer, gets "awfully lucky" in the next few weeks it will not earn as much money or ship as much steel in the fourth quarter of the year as it did in the same period last year, according to Lewis W. Foy, chairman and chief executive.

In last year's fourth quarter Bethlehem shipped 3.2m tons of steel and earned \$74.3m or \$1.70 a share, on revenues of \$1.65bn. But this year, with demand for flat-rolled steel used in cars and appliances slipping, Mr. Foy said that Bethlehem "will have tough meeting that unless we get awfully lucky."

25% gain in Bendix annual earnings

By Our Financial Staff

BENDIX, the automotive, aerospace and industrial group, has comfortably exceeded forecasts to increase earnings for 1978-79 from \$5.74 a share to \$7.10. But Mr. William Agee, chairman, warns that fourth quarter results were lifted by "substantial equity income" from ASARCO, the metals producer.

Sharp advance at Sunbeam

By Our Financial Staff

A STRONG RISE in earnings for the second quarter of this year at Sunbeam Corporation, domestic appliance manufacturer, suggests that the forecast of "at least moderate progress" this year may be an understatement.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Table with columns: U.S. DOLLAR STRAIGHTS, Issued, Bid, Offer, Change on week, Yield. Lists various international bonds like Alcoa of Australia, Alan Howard, etc.

Table with columns: DEUTSCHE MARK STRAIGHTS, Issued, Bid, Offer, Change on week, Yield. Lists various international bonds like Argentina, Asian Dev. Bank, etc.

Table with columns: SWISS FRANC STRAIGHTS, Issued, Bid, Offer, Change on week, Yield. Lists various international bonds like Argentina, Australasia, etc.

Table with columns: OTHER STRAIGHTS, Issued, Bid, Offer, Change on week, Yield. Lists various international bonds like Avco, Bell Canada, etc.

Table with columns: FLOATING RATE NOTES, Spread, Bid, Offer, Ctd, Cpn, Yld. Lists various floating rate notes like Banco de Roma, etc.

Table with columns: CONVERTIBLE BONDS, Cw, Cnv, Chg., Bid, Offer, day, Prem. Lists various convertible bonds like Ag. A. A. A., etc.

CANADIAN COMPANIES

CAE Industries has a good half-year

BY ROBERT GIBBENS IN MONTREAL

ONE OF CANADA'S largest high technology companies, CAE Industries of Toronto and Montreal, earned C\$3m or 53 cents a share in the six months ended September 30, compared with C\$2m or 32 cents for the corresponding period of 1978.

CAE's electronics division continues to capture a substantial share of the commercial flight simulator market. Military aircraft simulators are also performing well. The first pre-production aluminium heads and manifolds for the new Ford Erika car have been delivered.

Moore Corporation, the world's largest business forms manufacturer, which is based in Toronto but has its major business in the U.S. and other countries, earned U.S.\$76.5m or \$2.73 a share in the first nine months against \$59.5m or \$2.12 a share a year earlier.

The group said while there is weakness to car markets, demand for steel in other sectors continues to be buoyant, particularly for plate, structural and seamless tubes.

Legal fight over Marathon bid

BY DAVID LASCELLES IN NEW YORK

A LEGAL battle has erupted over the plan by Penn Central to buy Marathon Manufacturing, the oilrig building concern, whose interests include the ailing Clydebank yard.

SEC ready to end options trading curbs

By Ian Hargreaves in New York

THE U.S. Securities and Exchange Commission hopes to lift its curbs on the growth of stock options trading by the end of the year.

\$29m Westinghouse settlement

PITTSBURGH

Westinghouse Electric Corporation has reached agreement with Florida Power and Light on a uranium supply deal filed by the utility.

UK tax gain for Woolworth

By Our Financial Staff

THIRD QUARTER results of F. W. Woolworth, the U.S. stores chain which owns 52.7 per cent of F. W. Woolworth of the UK, will include a gain of \$13m or 45 cents a share due to changes in British tax law.

EUROBONDS Dollar issues under pressure

By Our Euromarkets Staff

THE NATIONAL Bank of Cuba's \$500m public bond on the Swiss capital market has been cancelled, Singer and Friedlander AG, the manager, announced in Zurich yesterday.

Sohio confident on outlook

BY OUR FINANCIAL STAFF

STANDARD OIL of Ohio (Sohio), British Petroleum's U.S. subsidiary, confidently expects profits to continue to flow as freely as its Alaskan oil, according to Mr. Alton W. Whitehouse Jr., chairman and chief executive.

Whitehouse's outlook

By Our Financial Staff

Whitehouse's outlook for the fourth quarter is positive, with profits for the full year expected to exceed \$1.1bn, which compares with 1978 profits of \$450.2m or \$4 a share on revenues of \$5.2bn.

FIAT FINANCE CORPORATION B.V. U.S. \$100,000,000 GUARANTEED FLOATING RATE NOTES DUE 1991. Includes logos for OHF, IHF, and various banks like CREDIT LYONNAIS, COUNTY BANK LIMITED, etc.

New Zealand's borrowing need

WELLINGTON—New Zealand will need to borrow between NZ\$4bn (U.S.\$3.85bn) and NZ\$5bn, most of it from abroad, to develop its energy and forestry resources.

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November 1979

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November 1979

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DM 500,000,000

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GIROZENTRALE

BADISCHE KOMMUNALE LANDESBANK  
--GIROZENTRALE--

BAYERISCHE LANDESBANK  
GIROZENTRALE

DEUTSCHE GIROZENTRALE  
--DEUTSCHE KOMMUNALBANK--

HESSISCHE LANDESBANK  
GIROZENTRALE

LANDESBANK RHEINLAND-PFALZ  
--GIROZENTRALE--

NORDDEUTSCHE LANDESBANK  
GIROZENTRALE

WÜRTTEMBERGISCHE KOMMUNALE LANDESBANK  
GIROZENTRALE

HAMBURGISCHE LANDESBANK  
--GIROZENTRALE--

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Companies and Markets

## INTL. COMPANIES and FINANCE

# Rights offering from Rhone-Poulenc

BY TERRY DODSWORTH IN PARIS

RHONE-POULENC, the French chemical group, is to raise FFfr 473.5m (\$112.7m) in a one-for-five rights issue which is aimed at increasing its rate of capital spending by about 40 per cent over the next few years.

The issue is by far the biggest on the Paris Bourse this year, and will clearly test the response of the equity market after a period in which some of its earlier buoyancy has disappeared.

Rhone-Poulenc's shares closed FFfr 5 down on the day at FFfr 133.50.

The new FFfr 100 nominal shares will be offered at FFfr 125, and will qualify for

1979 dividends. Subscriptions, opening on November 19, will run for a month.

With this capital raising exercise, Rhone-Poulenc is signalling its intention to press ahead with a wide range of developments after a long period of financial problems. These difficulties now seem to have been largely resolved.

The company recently announced a sharp increase in net first half results to FFfr 300m, and forecast that profits for the year would reach between FFfr 500m and FFfr 700m compared with FFfr 238m last year.

Spending during the period

from 1976 to 1978 was held back at a rate of between FFfr 1.3bn a year to FFfr 1.5bn because of heavy debts which stood at about FFfr 12.5bn at the end of last year. Borrowings have been held steady since then, and with the company's share price rising in the wake of its recovery, Rhone-Poulenc has decided that the time is ripe to go to the market for fresh funds.

Main areas of investment spending will be in fine chemicals, agro-chemicals, pharmaceuticals and a FFfr 500m acetic acid plant in southern France. At the same time, the

company is continuing to pump money into the modernisation of its loss-making textile plants, which are expected to be in deficit until 1981.

Losses in this sector will be around FFfr 500m this year, but the company believes they will drop sharply in 1980 and 1981 as the reorganisation and redundancy plan begins to pay off.

Some 30 per cent of this investment is expected to go into Rhone-Poulenc's overseas interest, but the company is on record as saying that this percentage could grow.

See Lex

## Australian coal stake for Ruhrkohle

By Roger Boyes in Bonn

RUHRKOHLE, West Germany's principal producer of hard coal, has acquired a 10 per cent stake in an international consortium that is planning to exploit vast coal deposits in Australia.

The company is expected to pay DM 100m for the shareholding while the consortium as a whole is investing DM 800m in the deposit which is at German Creek in Queensland. Ruhrkohle made its move through its subsidiary Ruhrkohle Australia. Other members of the consortium include Shell Australia with a 43.3 per cent share, the Australian company Austen and Britta with 26.7 per cent and the British National Coal Board with 18 per cent.

The deposits are believed to be around 380m tonnes and production, due to begin in 1982, will reach an annual level of 3.5m tonnes by 1985. Preliminary delivery contracts have already been signed with Australian, South American and European customers.

The move, approved by the Supervisory Board, is the latest in a series of overseas acquisitions undertaken by Ruhrkohle. Not all of them have proved immediately successful—the U.S. subsidiary Appalachian Resources Company, for example, registered losses of about DM 80m last year, largely because of labour troubles in West Virginia.

Despite this setback, Ruhrkohle has been developing its coking coal interests in Canada and is co-operating in a coal liquefaction project in the U.S.

## Enka sees return to profit

BY OUR FINANCIAL STAFF

ENKA, the chemical fibres arm of the Akzo group of Holland, reports solid sales gains for the first nine months of 1979 and expects to move out of the red for the year as a whole.

In the nine months ended September, world-wide sales of the company rose by 15 per cent to FFfr 2,577m (\$1,581m), excluding American Enka. This improved pattern of demand coupled with stock profits looks like putting Enka back into the black this year after net losses of FFfr 40m in 1978.

However, the company makes no bones about the fundamental weakness of its trading background. Enka will have sales problems again next year, in textiles, the company said in

Wuppertal yesterday. European consumption is stagnating, it was stressed.

Customers will be relying on the high level of stocks built up in recent months in an effort to avoid the effects of rising oil prices, the company said. The general decline in tyre sales will also affect industrial fibre sales.

At the same time competition from cheaper chemical fibres produced in the U.S., where raw material costs are estimated to be between 30 and 40 per cent lower, is "another hindrance" to Enka's sales efforts.

The improvement in earnings this year follows largely from increased capacity usage owing to higher production and sales of chemical fibres. Inventory

profits, the result of increasing chemical fibre raw material prices, have also given a lift to earnings, but are unlikely to do so in 1980. The company has had to pay an extra FFfr 200m this year for raw materials, an increase which has only partly been passed on in higher prices.

The Dutch Government is to return to the Amsterdam capital market with a ten-year issue of bonds carrying a coupon of 9 1/2 per cent. The minimum tender price will be set next Tuesday. The Government raised FFfr 500m in September through an offering of 10-year bonds. That issue carried a coupon of 8 1/2 per cent and was priced at a minimum of 100.5.

## Increased earnings from Swiss Reinsurance

BY JOHN WICKS IN ZURICH

HIGHER profits are reported by Swiss Reinsurance for the year ended June, 1979. Group net earnings are 7 per cent up at SwFr 119m (\$72.2m) while net premium income improved to SwFr 5.8bn, a gain of almost 6 per cent.

The Reinsurance companies within the group increased their joint profits by SwFr 5m to SwFr 97m over the year. While their underwriting results showed a loss in respect of casualty and non-life business of SwFr 9m in comparison with an underwriting profit of SwFr 4m, underwriting profits from life reinsurance rose sharply from SwFr 37m to SwFr 53m.

The direct-insurance members of the group include the Switzerland General concern, the numerous German insurers owned by the sub-holding company Sr. Beteiligung, and General Surety and Guarantee company of the UK. Combined net profits of this division were SwFr 23m.

The recent weakness of the Swiss capital market has resulted in two notable, new issue casualties. Swissair has been forced to reduce the issue price of its SwFr 80m offering from par to 99 while the new funding from the Swiss Government has been cut back to SwFr 200m from an expected SwFr 250m.

## Export credit guarantee for Burmeister

By Hilary Barries in Copenhagen

THE BOARD of the troubled Danish engineering and ship-building concern Burmeister and Wain (B and W) agreed yesterday to accept Government conditions for an extension of an export credit guarantee of Dkr 100m (\$19m) which will enable the group's Copenhagen shipyard to complete negotiations for several bulk carriers of about 60,000 dwt each.

The Government decided to give the guarantee following a deal between B and W and the West German engineering concern MAN which would provide the Danish group with a cash injection of about Dkr 300m.

## PIRELLI MANAGEMENT CHANGES

# In search of a greater European role

BY RUPERT CORNWELL IN ROME

THE PRESIDENT of Industrie Pirelli SpA, Sig. Leopoldo Pirelli, is to step down as part of a sweeping overhaul of the top management structure of the Italian tyre and cable group, which is closely linked with Dunlop Holdings in the Dunlop-Pirelli Union.

In essence, Sig. Pirelli, whose family has controlled the group since its origin in the 19th century, is giving up the day-to-day control of the main Italian manufacturing company to take fuller charge of the overall strategy of Pirelli.

To this end, Sig. Pirelli will become vice-president of the Rome-based Societa' Internazionale Pirelli, while remaining at the head of the Italian holding company Pirelli SpA.

At the same time the overall affairs of the group will be looked after by a newly-created executive committee consisting of himself, the vice-president Sig. Emanuele Pittini and the present managing director of Industrie Pirelli, Sig. FIBerto Pittini.

Sig. Pittini in turn becomes the new president, as well as managing director of Industrie Pirelli. He will have under him as newly-appointed director general Sig. Luciano Isola, formerly head of Pirelli Brasileira, the group's major Brazilian offshoot. His task will be above all to turn around the troubled tyre division of the group.

In a rare press interview, Sig. Pirelli confirmed that the tyre activities of Pirelli, which account for around one-third of its world sales of some \$3bn per year, were still producing losses.

The division showed an overall loss of L30bn (\$36m) in 1978, enough to ensure that Industrie Pirelli reported a deficit of L2.2bn for the year, despite the sale of the Pirelli skyscraper in Milan to the Lombardy regional authority for L28.5bn.

Pirelli's departure from its celebrated headquarters, likely

to be completed around the end of this year, is the most tangible symbol of the decline in the group's influence in the complicated web of Italian finance and industry.

At the heart of its problems lies the overcapacity which plagues much of the world tyre industry, particularly since the introduction of the long-life radial tyre which has drastically reduced the need for replacements. At the same time, the energy crisis has driven up raw material costs when profit margins were under pressure.

Sig. Pirelli declared that the changes at the top did not mark the beginning of his own disengagement from the management of the Pirelli empire—although for the first time a Pirelli will no longer be at the head of the central operating company, Industrie Pirelli, which accounted for L854bn of

the group's 1978 sales of L800bn in Italy.

His own move, he declared, was a reflection of the greater Europeanisation of Pirelli. Sig. Pirelli acknowledged that his target was to reduce the Italian sales to around 40 per cent of the worldwide total, but denied that the shake-up was part of a planned strategic withdrawal of the group from its home country.

In fact, Pirelli is hoping to get its tyre operations back into profit within the next four or five years. This aim underlies the plan announced last summer for a capital increase by Industrie Pirelli to L165bn from the previous L78bn.

Government approval has been won for the scheme, which involves a consortium of banks headed by Mediobanca putting up L40bn of fresh capital. This will go exclusively to the tyre division, which will be hived

off from the flourishing cable and other activities.

A second aim of the management changes, Sig. Pirelli made clear, was to create a more coherent structure for the group's dealings with Dunlop, which has a 30 per cent stake in Industrie Pirelli matched by the 49 per cent holding of Pirelli SpA in Dunlop.

He defended the basic principle of the union, to which the British group has been gradually reducing its commitment by not following capital increases by the Italian company—but admitted that the way it had been carried out was open to criticism.

Above all, economic difficulties in Italy had prevented the rationalisations upon which rested the logic of the plan for union. But these were more necessary now than ever before, he declared.

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The Issue Price of the Notes is 100 per cent. of their principal amount.

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- Amsterdam-Rotterdam Bank N.V.
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- Credit Suisse First Boston Limited
- Deutsche Bank Aktiengesellschaft
- Kreditbank International Group
- Morgan Guaranty Ltd.

The 50,000 Notes of \$1,000 each constituting the above issue have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the Notes.

Particulars of the Notes are available in the statistical services of Exel Statistical Services Limited and may be obtained during usual business hours up to and including 23rd November, 1979 from the Brokers to the issue:

Cazenove & Co.,  
12 Tokenhouse Yard,  
London, EC2R 7AN.

Mitsubishi Motors profits reach record level

BY RICHARD C. HANSON IN TOKYO

MITSUBISHI MOTORS Corporation, which sells its cars in the U.S. through the financially troubled Chrysler Corporation...

Sharp upturn for Hino

By Yoko Shibata in Tokyo

HINO MOTORS, Japan's top manufacturer of trucks, and a member of the Toyota Motor group, raised its first-half operating profits by 85 per cent...

CSR BID FOR THIESS

Sugar group aims at energy lead

BY JAMES FORTH IN SYDNEY

CSR'S AMBITIOUS A\$465m (U.S.\$517m) takeover offer for Thiess Holdings, one of Queensland's largest home-grown groups, is aimed at turning the former sugar group into one of the country's largest natural resource concerns...

Japanese textile majors ahead

BY OUR TOKYO CORRESPONDENT

THE MAJOR Japanese synthetic textile makers yesterday reported improved earnings and sales for the half-year ended September 30 as a result of production cutbacks...

Earnings fall for Seiko

By Our Tokyo Correspondent

K. HATTORI AND CO., the manufacturers of Seiko watches, which is closely held by the Hattori family, reported a drop in net profit by 21 per cent...

First half decline at Hitachi Shipbuilding

TOKYO — Hitachi Shipbuilding and Engineering yesterday reported a 58 per cent fall in after-tax profit...

Total sales are expected to comprise Y120bn of ships and Y150bn of land machinery. Earnings per share fell to Y0.12 from Y0.59...

National Bank of Australasia well up

BY JAMES FORTH IN SYDNEY

THE National Bank of Australasia boosted group profit by almost 30 per cent to A\$69.5m (U.S.\$77.2m) from A\$53.5m in the year to September 30...

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Table with 4 columns: From London to, Leave, Arrive, Notes. Rows include Detroit, Honolulu, Houston, Los Angeles, New York, San Francisco, Washington, and Also: Seattle.

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SAFIC

Directors: S. Borsook (British) (Chairman and Managing Director); J. Milcor, L. Milcor, D. H. Shipley, N. Westerman.

Saker's Finance and Investment Corporation Limited

Interim report

Turnover for the 6 months under review grew at a slightly faster rate than that envisaged in our pre-01 forecast of 16 per cent per annum.

The improvement in attributable earnings arises from the group's increased holding in Boumal Limited, and from the excellent half-year results of that group.

In the light of the difficulties recently experienced by the motor industry, the results for the half-year must be considered most satisfactory.

Following the measures by the government to stimulate the economy, the return to the 90 km/h speed limits, and the extended periods of hire purchase repayments, the outlook for the second half year is one of quiet optimism.

With the caveat that gross margins do not deteriorate any further, it is expected that the group will at least maintain last year's earnings of 33.11 cents a share, and final dividend of 7 cents a share.

Unaudited consolidated group profit

Table with 4 columns: Six months ended 30 September, 1978, 1978\*, % Change. Rows include Turnover, Net operating profit before tax and interest, Add: Attributable earnings, Net profit after tax before interest, Less: Interest after tax, Interest, Less: Outside shareholders' interest and preference dividends, Normal earnings for ordinary shareholders, Earnings per share, Number of ordinary shares in issue.

\*Adjusted to include the results of Lectrolite Products (Pty) Limited for the period 1 April 1978 to 30 September 1978.

Declaration of Interim ordinary and preference dividends

Notice is hereby given:

1. That interim ordinary dividend No. 46 of 2 cents per share was declared by the board of directors on 30 October 1978 in respect of the financial year ending 31 March 1980.

2. That preference dividend No. 87 of 5.5 cents per preference share was declared by the board of directors on 30 October 1978 in respect of the six month period ending 30 November 1978.

These dividends are declared in the currency of the Republic of South Africa and the date for determining the rate of exchange at which the currency of the Republic of South Africa will be converted into United Kingdom currency for payment of dividends from the London transfer office will be 16 January 1980 in respect of ordinary dividends, and 16 December 1979 in respect of preference dividends.

In terms of the Republic of South Africa Income Tax Act of 1962, as amended, non-resident shareholders' tax of 15 per cent will be deducted from dividends payable to shareholders whose addresses are outside the Republic of South Africa.

For and on behalf of the board

S. Borsook L. Milcor Directors. Registered office: 11th floor, Cape Towers, Maclear Street, Johannesburg 2001. Transfer secretaries: South Africa Security Registrars (Proprietary) Limited, 19th floor, Madlin Place, Sandown and Mark Streets, Johannesburg 2001.



Early Wall St. technical recovery of 3.9

After reaching its lowest level in almost 11 months on Wednesday...

On the American Exchanges, volume leader Resorts International "A" put on 1 1/2...

course in moderate early dealings. The Toronto Composite Index shed 5.1 to 1,573.4 at midday...

As world prices were raised, boosted the shares yesterday. Among Trading Houses, C. Itoh moved ahead Y40 to Y560...

new territories and of a one-for-three bonus issue by China Light and Power.

Brokers said small investors are staying away from the Exchange in view of the unsettled situation in Iran...

The Dow Jones Industrial Average, which had fallen 22 points over the past three days...

Analysts said the rebound was largely technical and that investors remain cautious in view of problems in Iran and the gloomy outlook for inflation...

THE AMERICAN S&P Market Value Index rallied 2.4 to 206.09 at 1 pm. Volume 2,066m shares (2.17m).

Hong Kong After the sharp reaction of the previous two days on heavy local profit-taking, the market advanced strongly yesterday...

A modest technical recovery took place yesterday following the market's recent gloom performance, but trading was again thin and the atmosphere remained nervous over the Iraq turmoil.

Concern over world oil supplies generated by the Iran crisis saw Energy and Gold stocks still in demand yesterday, but the rest of the Minigols sector showed an easier tendency again.

Closing prices and market reports were not available for this edition.

Canada Stock prices generally continued to plot a downward

the rising value of their oil stocks

Properties and Blue Chips led the way, with softness boosted by news that the London and New York East Consortium are to jointly develop property in the

Germany A modest technical recovery took place yesterday following the market's recent gloom performance, but trading was again thin and the atmosphere remained nervous over the Iraq turmoil.

Australia Concern over world oil supplies generated by the Iran crisis saw Energy and Gold stocks still in demand yesterday, but the rest of the Minigols sector showed an easier tendency again.

Table with columns: Stock, Nov. 7, Nov. 8, Nov. 9. Lists various stocks like MF, Int'l, etc.

Table with columns: Stock, Nov. 7, Nov. 8, Nov. 9. Lists various stocks like Copper Ind., Diamond Ind., etc.

Table with columns: Stock, Nov. 7, Nov. 8, Nov. 9. Lists various stocks like Outboard Marine, Overseas Ship, etc.

Table with columns: Stock, Nov. 7, Nov. 8, Nov. 9. Lists various stocks like Tanker, Transamerica, etc.

Table with columns: Stock, Nov. 7, Nov. 8, Nov. 9. Lists various stocks like AEG, Allianz, etc.

Table with columns: Stock, Nov. 7, Nov. 8, Nov. 9. Lists various stocks like Asahi Glass, Canon, etc.

Indices

Table with columns: Index, Nov. 7, Nov. 8, Nov. 9, High, Low, Since Compl'n.

Table with columns: Ind. div. yield %, Nov. 8, Oct. 26, Oct. 19, Year ago approx.

Table with columns: Standard and Poors, Nov. 7, Nov. 8, Nov. 9, High, Low, Since Compl'n.

Table with columns: Ind. div. yield %, Oct. 31, Oct. 24, Oct. 17, Year ago approx.

Table with columns: Long Gov. Bond Yield, Nov. 8, 10.25, 10.30, 0.25, 8.68.

Table with columns: Montreal, Nov. 7, Nov. 8, Nov. 9, High, Low.

Table with columns: Toronto Composite, 1578.5, 1577.0, 1578.0, 1578.0, 1578.0.

Table with columns: Johannesburg, 428.1, 411.5, 427.1, 428.1, 428.1.

Table with columns: Australia, Nov. 8, Pre-1979, 1070, 1070.

Table with columns: Germany, Nov. 8, Pre-1979, 1070, 1070.

Table with columns: Japan, Nov. 8, Pre-1979, 1070, 1070.

Table with columns: Canada, Nov. 8, Pre-1979, 1070, 1070.

Table with columns: France, Nov. 8, Pre-1979, 1070, 1070.

Table with columns: Hong Kong, Nov. 8, Pre-1979, 1070, 1070.

Table with columns: Italy, Nov. 8, Pre-1979, 1070, 1070.

Table with columns: Netherlands, Nov. 8, Pre-1979, 1070, 1070.

Table with columns: Norway, Nov. 8, Pre-1979, 1070, 1070.

Table with columns: Sweden, Nov. 8, Pre-1979, 1070, 1070.

Table with columns: Switzerland, Nov. 8, Pre-1979, 1070, 1070.

Table with columns: Denmark, Nov. 8, Pre-1979, 1070, 1070.

Table with columns: Belgium, Nov. 8, Pre-1979, 1070, 1070.

Table with columns: Spain, Nov. 8, Pre-1979, 1070, 1070.

Table with columns: Portugal, Nov. 8, Pre-1979, 1070, 1070.

Table with columns: Greece, Nov. 8, Pre-1979, 1070, 1070.

WEDNESDAY'S ACTIVE STOCKS

Table with columns: Stock, Price, + or - Div. Yield.

OSLO

Table with columns: Stock, Price, + or - Div. Yield.

JOHANNESBURG

Table with columns: Stock, Price, + or - Div. Yield.

PARIS

Table with columns: Stock, Price, + or - Div. Yield.

VIENNA

Table with columns: Stock, Price, + or - Div. Yield.

MILAN

Table with columns: Stock, Price, + or - Div. Yield.

BRASIL

Table with columns: Stock, Price, + or - Div. Yield.

FINANCIAL RUND 33.951

Table with columns: Stock, Price, + or - Div. Yield.

SPAIN

Table with columns: Stock, Price, + or - Div. Yield.

INDUSTRIALS

Table with columns: Stock, Price, + or - Div. Yield.

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Which give businessmen and investors crucial information such as turnover, profits and financial ratios. Information that is simply not available from any other single source.

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**INVESTORS  
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# Platinum's golden anniversary with Johnson Matthey

BY RAY MAUGHAN

JOHNSON MATTHEY fired the blast furnace at its new 65m Brimsdown refinery near Enfield, North London, at the beginning of this week. A straightforward part of business life, perhaps, but it may come as a surprise to those who regard the group solely as a precious metal dealer to learn that it has important, and developing, industrial interests.

Conversely it would be wrong to disregard the bullion and commodity trading activities since they provide more than a third of group income. But Johnson Matthey is playing a growing role in such diverse, and potentially attractive, markets as fuel cells, anti-cancer drugs, cold print transfers and vehicle emission control systems.

Platinum is the key to most of these applications of rare metal refining technology. Next month, the group celebrates the fiftieth anniversary of the first marketing agreement with Rustenburg Platinum, an exclusive contract which runs until the end of this century.

The original link with Rustenburg was forged by a JM director, Mr. A. R. Coussemaker, a leading expert on the metal who persuaded the small, and largely unprofitable mines working the Merensky Reef in South Africa, during the 1920s to get together.

The agglomeration formed the basis of Rustenburg. The UK company built the preliminary treatment of the ore and Rustenburg built a similar facility near the mine. The concentrate used to be sent to JM's headquarters, then in Hatton Garden, for final refining.

Since then, Rustenburg has established a refining plant at Wadeville, South Africa, and JM has constructed another final refining operation at Royston, Cambridgeshire. Anxious to take a more active role in the refining process, Rustenburg took a half share in Matthey Rustenburg Refiners to take over all four plants during 1972. The joint venture is to set up a nickel and copper refinery which will involve a £12.15m investment by JM in 1981.

Platinum consumption in the industrialised West is currently on a plateau of about 2.6m ounces annually but JM is confident that its new Brimsdown facility, for which it is creating

50 new jobs, will enable it to capture an increased market share, which currently ranges between 40-50 per cent. Of possibly greater importance, the additional capacity offered by the new Brimsdown plant is expected to be absorbed by demand for new products now in development.

Demand for platinum products tends to go upward in steps. A rise is almost invariably followed by a plateau. Over the last decade, demand jumped when platinum was used as a catalyst to obtain high octane values in petrol and JM's interest in this field is represented by the 50 per cent owned associate, Universal Matthey Products.

## Jewellery

That market has been depressed for at least the past five years but another jump occurred when the Japanese, denied access by the Government to personal gold holdings, prompted renewed interest in platinum jewellery—a fashion which had largely died in the West by the 1940s, although marketing attempts are now being made to revive it.

The third spurt occurred when platinum, an invaluable catalyst which rarely reacts with air, principal car exhaust emissions. That market, too, has tumbled and largely because profits from refining and chemical manufacture have declined from £3.89m to £2.56m pre-tax since 1975. JM's overall track record has been very sluggish.

The next jump may be about to take place and this time it could be based on a broader range of technical applications.

The automobile should be in the forefront of the next profits drive. The U.S., unfortunately, is likely to remain the sole Western market to legislate for the control of exhaust fumes but Matthey Bishop, a leading U.S. subsidiary, currently supplies Ford for around 40 per cent of its requirement for its American auto-catalysts. A honeycomb of ceramic material is specially treated with platinum to form a monolith catalyst. General Motors, for the moment, uses a particulate, or pellet, catalyst but is now considering monolith catalysts for its 1981 model ranges which must satisfy reduced nitrogen dioxide requirements, and a decision is expected within the next six months.

## Joint venture

Since then, Rustenburg has established a refining plant at Wadeville, South Africa, and JM has constructed another final refining operation at Royston, Cambridgeshire. Anxious to take a more active role in the refining process, Rustenburg took a half share in Matthey Rustenburg Refiners to take over all four plants during 1972. The joint venture is to set up a nickel and copper refinery which will involve a £12.15m investment by JM in 1981.

Platinum consumption in the industrialised West is currently on a plateau of about 2.6m ounces annually but JM is confident that its new Brimsdown facility, for which it is creating

Growth prospects for supplying the U.S. market through BL products look somewhat dim at present but GM in conjunction with Degussa of West Germany, supplies Volkswagen in the U.S.

Glassfibre, which requires "bushing" through a platinum alloy, is another area of growth potential. Glass fibre reinforced plastics are used increasingly in construction and motor manufacture—roof tiling and car bumpers being two important examples.

Earlier this year, the Food and Drug Administration in America granted approval for cis-platin, a compound of platinum developed by JM which is now incorporated in a drug produced by Bristol-Myers for treatment of cancers of the genito-urinary system, and the second generation of the "Platinol" drug, understood to reduce the harmful side-effects of the treatment on the renal system, has now been developed. That may, however, take several years to win FDA approval.

## Fuel cell

It may also take some time before the fuel cell becomes a proven method of energy supply, let alone an established method of power generation and control for utility and automobile companies but a JM platinum catalyst has been installed in the 4.5 megawatt fuel cell commissioned by United Technologies which will be undergoing feasibility studies in New York next April.

An important by-product of these developing applications will be a rise in demand for refining spent catalysts, which forms a major secondary market for JM, which operates six refineries in North America, South Africa, New Zealand, Australia, Italy and Belgium, besides Brimsdown.

Strong industrial demand for rare metals will also boost income in Matthey Rustenburg Refiners and the banking, trading and dealing divisions.

This business has been rapidly built up over the last decade. In 1974-75 the bank moved to new offices in Lloyd's Avenue which enabled JM to widen the range of services from the bullion dealing base and to enter the London Metal Exchange. The dealing range was extended to Hong Kong in the Spring last year and it is hoped to set up in New York

in 1980. That will lengthen the dealing day but the group is very anxious to find the "right people" before branching out across the Atlantic. "We rather develop our own people," the finance director, Mr. Ernest Pateman, points out. "We are a pretty conservative company." That conservatism was enough to stop JM buying Meyerorod for \$11.5m in January this year for the U.S. subsidiary's expertise in the range of cold print transfers used on vehicles, sports goods, shoes and a wide variety of other products. It seems a valuable addition to the range of colours and transfers which, until the acquisition was completed, had been principally sold to the ceramics industry.

## Share price

But JM's reticence may help to explain why the share price has been standing at around 400p per share which would arise if the base stocks, required for continuing production processes and in the books at £11.9m, are valued at current prices.

Base stock values are obviously a variable but JM is uncomfortably aware of the discrepancy between estimated net worth and the market capitalisation. The recent reconstruction of Charter Consolidated, however, puts 28 per cent of the equity into what may be regarded as reasonably friendly hands. Charter proposes to acquire the "stake" held by Anglo American Corporation and De Beers in return for most of its assets in Southern Africa and mutual boardroom representations between JM and Charter has been agreed. The mining finance house has made it clear that the holding will be developed as a trade investment and seemingly has no bid intentions.

A five-year record in which profits expanded from £17.8m to only £21.55m is unlikely to be a success, the share price favourably. But the old Hatton Garden headquarters has been developed and is ready for letting and important avenues of potential growth are beginning to open up in the automotive power generation and medical markets. The 30 per cent tax advance in the three months to June 30 last may yet prove to be the forerunner of a more pronounced uptick.



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John Denney, Group Quality Assurance Executive

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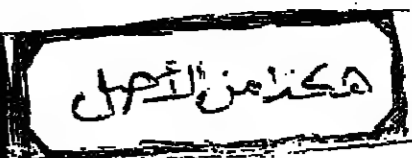
training; it calls also for the supporting expertise of thousands of people behind the scenes, from food chemists to computer programmers and from expert buyers to architects and engineers.

Out of sight, and often out of mind — these are just a few of the vital people behind that certain THF smile.

هكذا من العمل



# FINANCIAL TIMES SURVEY



Friday November 9 1979

## U.S. Travel and Tourism

The dollar's depreciation and cheaper air travel, particularly across the Atlantic, have made the U.S. an increasingly popular place to visit. The country's tourist industry and package holiday operators abroad are well organised to cope with the influx, and the 21m people expected to go there this year will find the natives friendly.

### America eager to play host

By Jurek Martin

U.S. Editor

"NORTH AMERICA presents in its external form certain general features which it is easy to distinguish at the first glance. A sort of methodical order seems to have regulated the separation of land and water, mountains and valleys. A simple, but grand arrangement is discoverable amid the confusion of objects and prodigious variety of scenes."

So began de Tocqueville's Democracy in America. Were the great French author to continue writing in this vein today, he would undoubtedly be snapped up by the United States Travel Service and his presciently-tising talents put to maximum use. For, quite dramatically, tourism in the U.S. has become a significant fact of economic life. Tourism, to put it bluntly, is the other side of the dollar's weakness.

About 21m foreigners will come to the U.S. as visitors this year, 6 per cent more than in 1978, which in turn was 7 per cent more than in 1977. Collectively, they will spend an estimated \$8.8bn in the country and another \$1.8bn getting there by U.S. carriers. This collective bill is well up on the \$8.5bn of last year, which in turn was more than 18 per cent up on the previous 12 months. To put the boom in perspective, total tourist receipts in 1961 amounted to a meagre \$1bn.

The expansion is even greater if Canada, which provides well over half the tourist traffic, is not included. Last year, there were increases ranging from 25 to over 40 per cent in the number of visitors from individual European countries (Britain leading the way with a remarkable 42 per cent growth), and while this year's increase is unlikely to be as large, expansion in the 20 per cent-plus range is freely forecast. More and more Latin Americans and

Asians (especially Japanese) are flocking to the U.S.

The twin stimuli for the foreign tourism bonanza are the depreciation of the U.S. dollar against a range of foreign currencies and the introduction with a vengeance of inexpensive air travel. The U.S. in fact has become quite a cheap place for a holiday—to all except the Canadian, whose own dollar, of course, has been weak against the U.S. currency for some time—while the once formidable cost of bridging the Atlantic has been substantially reduced.

The U.S. is still in deficit on its tourism account: last year it is estimated that the 23m Americans who travelled overseas spent \$11.4bn, \$2.9bn more than foreigners spent in the U.S. in the current year; the deficit is likely to shrink to about \$2.3bn, according to government calculation.

Nevertheless, foreign tourism has now emerged as the fourth-largest U.S. export industry and the projected \$2.3bn deficit, if achieved, would be the lowest in the last decade.

On an individual-national basis the U.S. enjoys what is known as travel dollar surplus with Canada, Japan and West Germany, but there are substantial deficits still with Mexico, the UK and France. These last three countries are, of course, among the most popular for American tourists, but the growing share commanded by the U.S. of the European tourist market in particular suggests a narrowing of existing shortfalls.

### Patterns

The typical foreign visitor to the U.S. spends \$650 to \$700 while in the country, but the patterns of spending and the favourite places to visit, vary enormously from country to country, largely reflecting global geography. The Japanese, logically, overwhelmingly prefer the West Coast while Europeans are likely to focus on the East. The Japanese generally use organised package tours, while a substantial majority of Europeans (most notably the French) like to travel independently and use their holidays more to meet as many Americans as possible and experience American lifestyles than to visit places of historical interest in the country.

Europeans tend to stay an average of about three weeks or more in the U.S., whereas the median length of stay for a Japanese or Mexican is less than half that.

The dry statistics disguise the fact that surveys show that foreign visitors to the U.S. seem to enjoy their holidays, with a large majority expressing an intention to return. This is something which both the federal and local governments are beginning to appreciate more. The U.S. Travel Service, for example, budgeted nearly \$2m in the fiscal year just ended for advertising spending to extol the merits of a U.S. holiday in the six major foreign countries, plus another \$500,000 allocated for public relations.

However, not all parts of the country view with equanimity the influx of hordes of foreign tourists any more than they do domestic invasions. Although it is true that the travel industry alone has accounted for 10 per cent of the 28m new jobs created in the country over the past 20 years, some states (Oregon comes immediately to mind) have concentrated more on preserving their indigenous charms and beauty than exploiting them.

But what foreigners do find and enjoy is the great and innate hospitality of Americans in their own country. Even the fabled (and much exaggerated) rudeness of New Yorkers has to be taken with a pinch of salt.

It is this quality, allied to changing economic circumstances and the "prodigious variety of scenes" of which de Tocqueville wrote, that makes the U.S. such an attractive proposition for the foreign visitor.

Although there are a great many economic and practical reasons why the U.S. has suddenly become such a magnet for the international traveller, it is the average American's eagerness to play host which is helping to accelerate the rush. Many Europeans have an image of America as a country which is harsh, hard hitting, devil-take-the-hindmost and unsympathetic to the problems of a stranger. Today word is getting around that America can in fact be a relaxing place to visit: a land of easy pace, easy smiles and a general willingness to assist.

Americans themselves sometimes do not see this side of their country, since it is often a foreign accent or the helpless lost look which encourages the locals to rush to your assistance. The smile is not of course, universal. Nothing is perfect. One of the first surprises any visitor faces is that America is an extraordinarily bureaucratic sort of place, as the first brushes with polite but painstaking officialdom at consulates, immigra-

tion and customs will demonstrate. But overall—New York taxi-drivers growling at passengers from their protective cages apart—the visitor is likely to find more grins than frowns, and a considerable inquisitiveness to know how things are going back in your own country.

### Efficient

The fact that America is so large and there is so much domestic tourism and business travel means that the U.S. has long been a country accustomed to the itinerant. This happily produces a sophisticated infrastructure of roads, air links and accommodation (or lodgings as the Americans quaintly term hotels). The rail networks are not as widespread or as efficient as in Europe, but still retain their own attractions.

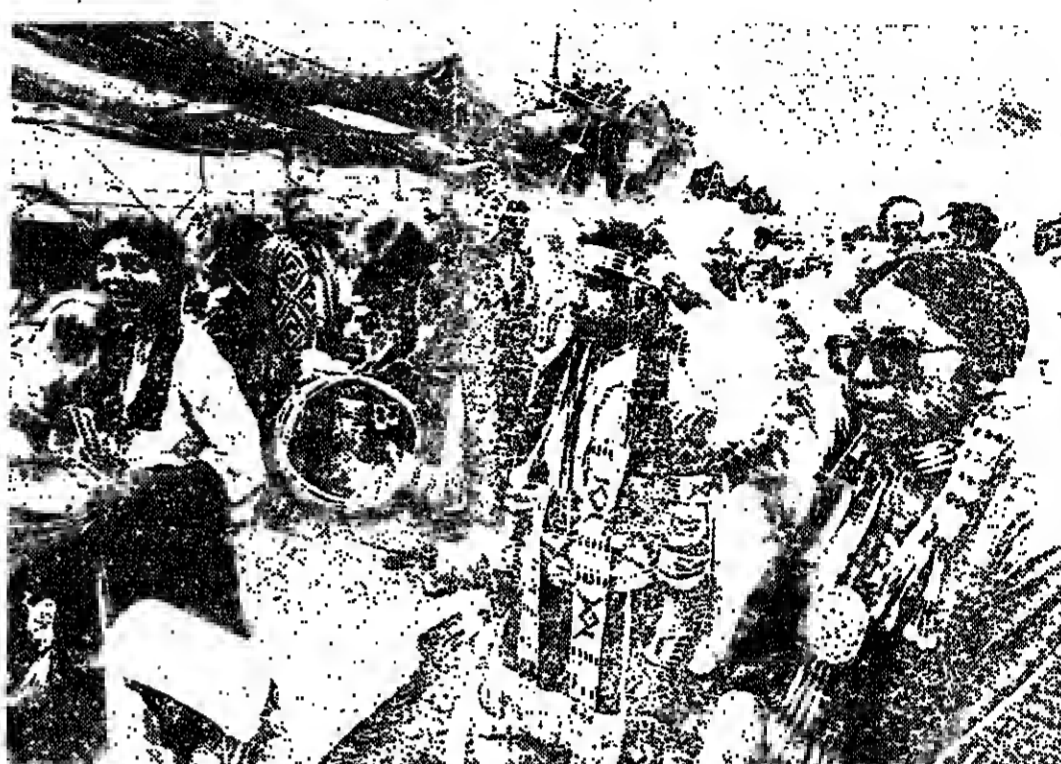
Americans eat out regularly to a much greater extent than do the British, so that even very small communities usually will have somewhere that a visitor can find something to eat. Although steak and shrimp are still the universal staples of American restaurants, the U.S., like Britain, has seen a major revival in interest in

quality catering and fine food can be found in the most unlikely places.

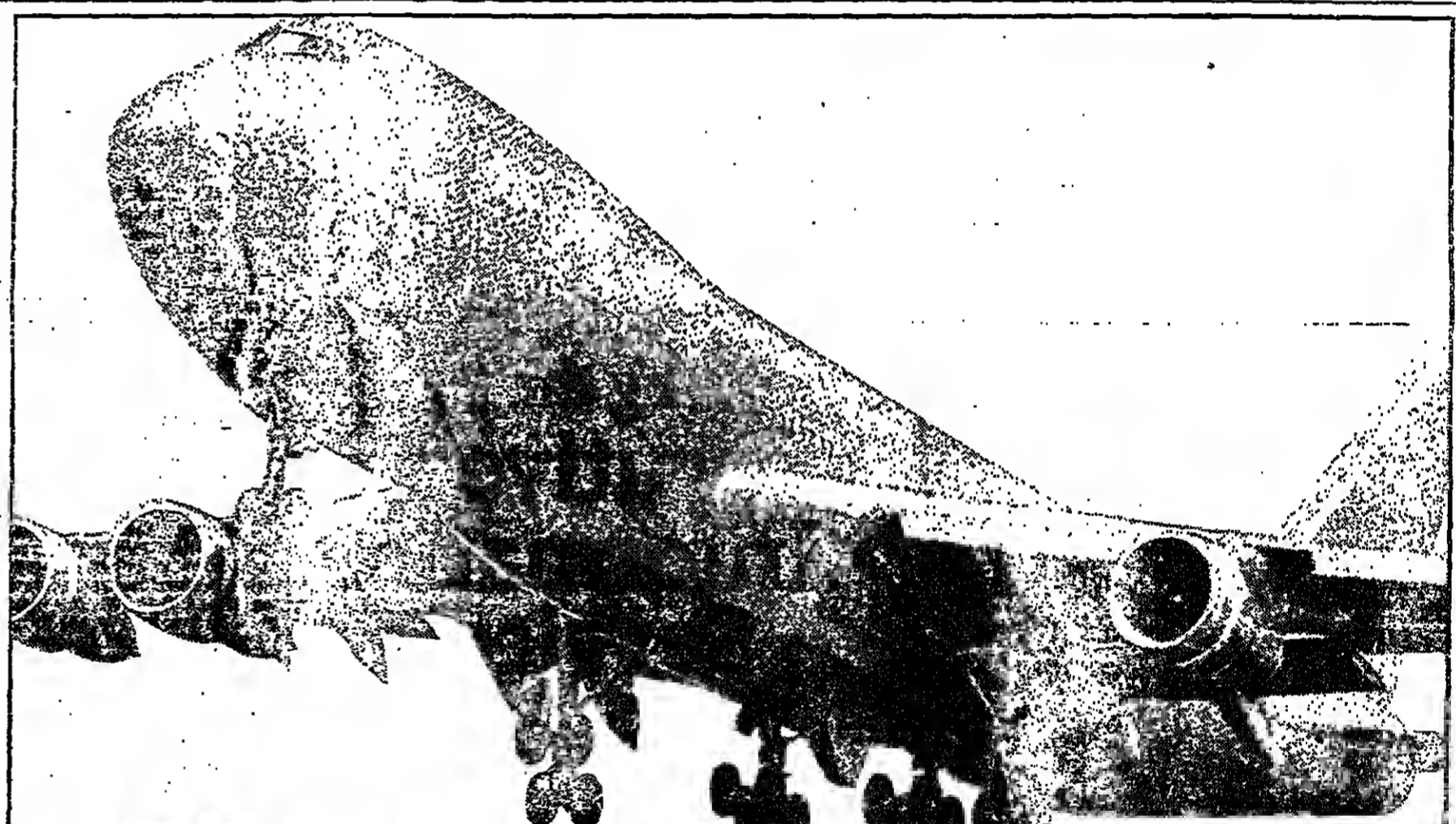
Although much of America is inexpensive rather than cheap the average business visitor finds that once he steps outside the major centres such as New York, Houston and Los Angeles prices for almost everything fall in the most surprising, and delightful, way. In country areas you can eat superbly well for a few dollars, and Californian wine is not only low in price but also high in quality.

The basic thing that any visitor to the U.S. has to remember is that its size—it is 3.8m sq miles compared with Europe's 3.9m—creates a considerable diversity both in people and in the country's physical characteristics. Just as one would not expect too many similarities between the pine forests of Sweden and the sweeping dunes of the Camargue, so the differences between New Haven, Connecticut and Albuquerque, New Mexico are, to put it mildly, considerable.

All this simply adds to the fascination of America, and helps to explain why it has suddenly been discovered by the world's tourists.



Indians at the Texas Folk Life Festival in San Antonio

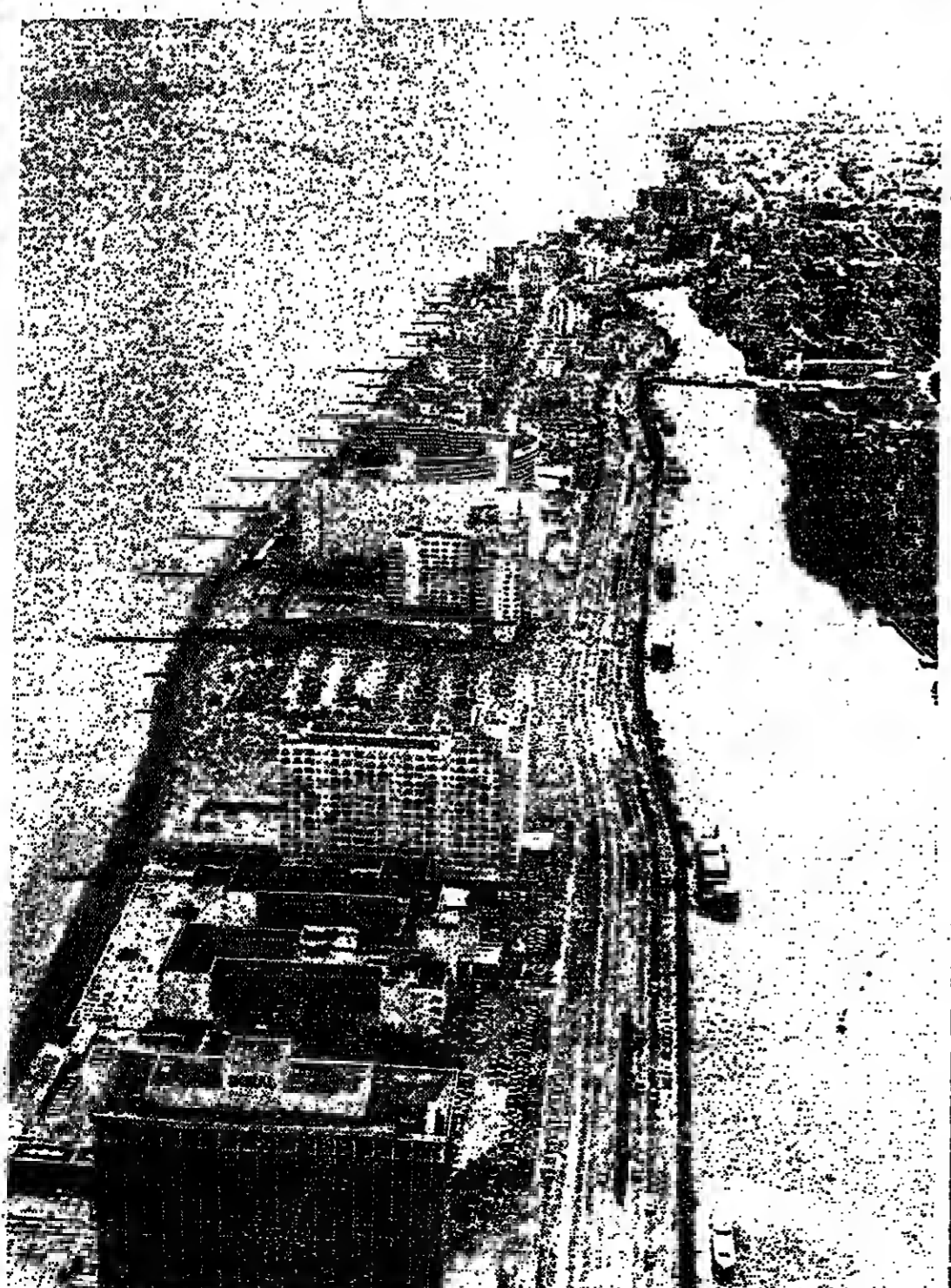


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John Doe

# U.S. TRAVEL AND TOURISM II

## Eastern states have special charm

THE EASTERN states of America—from Maine to South Carolina—lack the majestic natural beauty of those in the far West. But they embrace some of the most beautiful parts of the country and almost all the nation's most interesting, and historic cities.

In past years travelling down the eastern side of the U.S. in high summer has been an exhausting experience. The humidity can be intense. Motorways have been crowded and accommodation hard to find.

This past summer, however, it was different, the petrol shortage—and the sharp rise in its cost—gave the tourist industry in the area a nasty jolt. Advertisements proliferated to try to attract motorists who had only one tank of petrol to get to and from their destination. Out of the way motels and holiday resorts found themselves faced with wholesale cancellations. Only the weather stayed much the same and even so it rained more than usual.

By the end of the summer all of this was a nasty memory but the industry has no real idea what to expect next year and it is fearful that high petrol costs and the rate of inflation may put off tourists again in 1980.

However, for visitors from abroad the eastern seaboard does not seem all that expensive.

Petrol is still half—or less than half—the price in many parts of Europe. Motels, particularly those just a little way off the beaten track, are amazingly cheap by European standards. Rental cars, if rented by the week from "budget" outlets, cost significantly less than in Europe and food is not expensive either.

All this is particularly true for holidays taken in the spring or in the autumn. At both times of the year the weather is usually good and cool enough for travellers who will under excessive humidity. Rates are cheaper and the roads are much less crowded. And the main tourist attractions can be seen at a much more leisurely pace.

The eastern part of the U.S. is so large that it is next to impossible to see it all on one trip. Some visitors, according to the U.S. travel service, decide to concentrate only on New England. Others single out the four great cities of the East: Boston, New York, Philadelphia and Washington. Yet others start with Washington and drive south into Virginia and down to Williamsburg before moving along the coast through North Carolina to Charleston, South Carolina, one of the most beautiful towns in the whole country.

The vast majority of European travellers to the United

States rely on a combination of rented cars and aeroplanes. A sizeable minority use buses although they restrict the ability to wander. And there is still a passenger train service through the eastern states which offers a gentle way to see them for those with time and patience.

New England—Maine, Vermont, New Hampshire, Massachusetts, Rhode Island and Connecticut—has a distinctive charm all of its own. In the north Maine is a favourite summer destination for thousands of Americans. Its long, beautiful coastline and wild, forested interior make it very attractive, and there is a ferry service to the string of little offshore islands that are well worth a visit.

Vermont comes into its own during the skiing season and again in the autumn when its forests display some of the most breathtaking autumn foliage to be seen anywhere in the world. The state also boasts some of the most unspoilt towns in America with their white clapboard houses and sleepy main streets.

Massachusetts is more urban. Boston, with its long historical associations, deserves a visit as does Harvard University in nearby Cambridge. Rural Massachusetts is also very

attractive with fine old houses and rolling countryside. On the eastern side of the state is Cape Cod, another favourite summer holiday area, and offshore the islands of Martha's Vineyard and Nantucket.

Nantucket, in particular, is worth a ferry trip. Once a centre of the whaling industry, it has survived unchanged since the early part of the last century and has the largest number of 18th century homes still standing in any single place in the U.S.

### Famous

South of Massachusetts and through Connecticut and Rhode Island the scenery begins to change. Rural areas give way to suburbs which in turn yield to New York City.

The city can be a daunting place in the summer when high temperatures are often the final straw for New York tempers. But in the spring and autumn New York can be a marvellous place to spend a weekend. It is a city in which to walk (though not in darkened areas at night) and its galleries, shops and theatres are justly famous.

Much less well known is New York State, which stretches north to the west of New England and up to the Canadian border. The state covers nearly

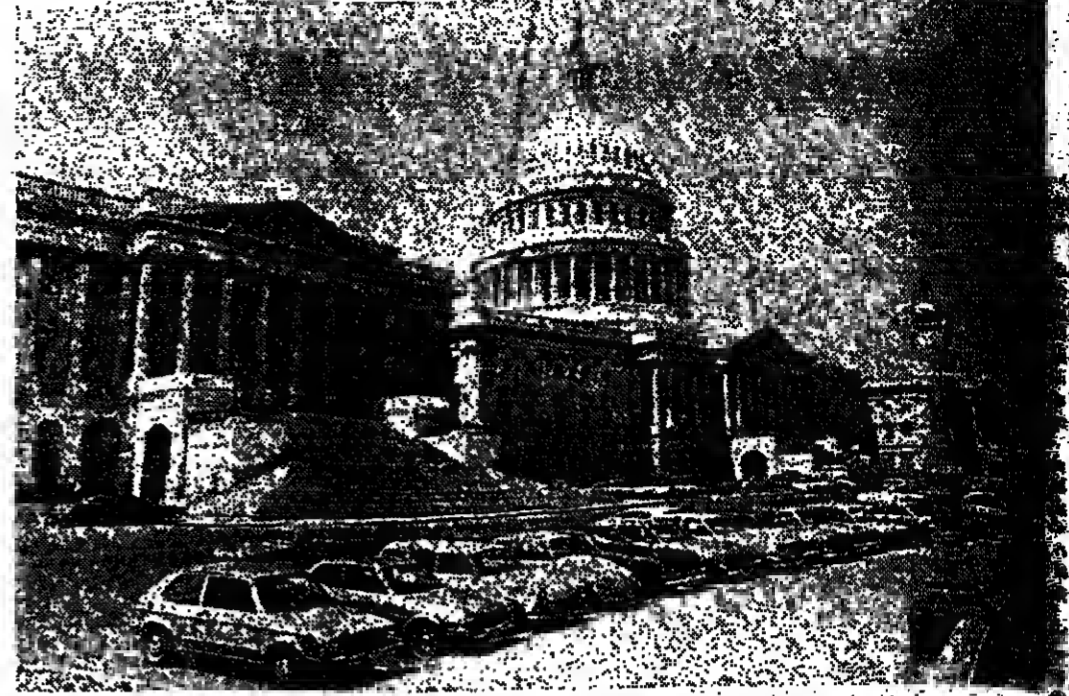
50,000 square miles and boasts some of the most beautiful and least-known parts of the eastern United States. In particular, the wine-growing Finger Lakes region near Penn Yan, New York amply repays a visit.

From New York City the visitor can make his or her way to Philadelphia, but of countless jokes in America but actually a rather charming city which still has some of its 18th century past and remains proud of the fact that after London it was once the largest city in the British Empire.

West of Philadelphia lies the state of Pennsylvania. Popular among skiers in the winter, the state is amply supplied with state parks and state forests. It also boasts attractive small towns and the distinctive Pennsylvania Dutch—or Deutsch—country. The settlements of German immigrants here have been unaffected by all the changes of the past 180 years. The Amish people still live much as they have always done, eschewing cars and speaking the language of their forefathers.

South of Philadelphia, more or less on the way to Washington are Longwood gardens, some of the most remarkable gardens in the country, and the Winterthur Museum of Furniture founded by the Dr. Post family and located not far from Wilmington, Delaware.

Washington, the nation's capital, is now in the middle of a renaissance. Its museums are among the best in the world and its public buildings have a beauty and a grandeur that is quickly appreciated. Here again, however, sightseeing can be ex-



The Capitol, Washington. The public buildings, museums and monuments of America's political centre attract large numbers of tourists.

hausting in high summer.

South of Washington is Virginia, another state full of historical links with England. From Front Royal, Virginia, the visitor can take the skyline drive down to a point close to Charlottesville and Thomas Jefferson's marvellous hilltop house of Monticello. Then it is a simple journey to Williamsburg, the restored colonial town that is at the heart of a region which was settled by the earliest colonial settlers.

Williamsburg takes the visitors through North Carolina down to Charleston, particularly if he sticks close to the sea. The outer banks of North Carolina are especially fine. Charleston is the archetypal Southern town where the first shot was fired in the American Civil War. There is, then, much to appreciate in the eastern parts of the United States—much more than many European visitors imagine before they go. But it is worth

remembering that it is a big area and even three weeks is little enough time to see it all. Careful advance planning will pay dividends. The motorways are available in such profusion that it is quite easy to make up for lost time if necessary. But what can be most rewarding of all is just to meander through New England in spring or autumn, finding an unspoilt and gentle America that is as surprising as it is unspoilt.

David Bell

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## Vastness of the West

### a grand spectacle

AT THE TIME it seemed we had been everywhere. The rented car had nearly 3,000 more miles on its clock when we landed at Los Angeles airport than it had shown a few weeks earlier in Denver Colorado.

That car had journeyed through the soons of the Rockies and the Sierras, it had baked in the Mojave desert, it had hung perilously on bends down California's spectacular Pacific coastline and crunched over dirt roads in the rattlesnake country of southern Utah.

And yet the silver gas-guzzling Chevrolet that only objected once (when an eager hotel doorman insisted on parking it and then left the lights on—Mr. Avis rapidly put things right) had traced a course which now appears only a scratch on the giant map of the American West.

Its wheels never rolled the highways of Texas or New Mexico, and its occupants missed the spectacular glories of Oregon and Montana. Nowhere in the U.S. does the sheer size of the country become more apparent than in the West. You can drive for a couple of hours at the regulation 55 mph without seeing a petrol station, never mind the urban sprawl and lofty buildings with which the average European often associates America.

Two things unite this vast region of considerable physical differences—space and friendliness. In the West the pace tends to be different and the stranger is greeted with warmth. When the breakfast waitress says her usual: "Hi, how are you today," you almost believe she wants to know.

For the European visitor the more likely gateway cities to the West are Houston, Denver, Salt Lake City, San Francisco and, most likely of all, Los Angeles. All of them offer widely differing attractions of their own. For the first-time visitor, eager to see everything that is avail-

### Skiing in vogue

AMERICA'S West is becoming increasingly popular with European skiers. Several British tour operators offer Rocky Mountain and Sierra resorts in their programmes.

Most of the western resorts are purpose-built complexes, often run by corporations rather than local government. Aspen's skiing, for example, is largely in the hands of Twentieth Century Fox which bought the Colorado resort corporation with the money it made from Star Wars. The result is usually smoothly interwoven service in which hotels, lift operators and transport organisations work closely together.

Western resorts are usually extremely high by European standards, often with runs between 8,000 and 12,000 ft up.

This normally means consistent snow conditions from mountain top to village street. Runs are well maintained (or manicured as they prefer to say) and lift queues short.

Most of the skiing is designed for competent recreational skiers. Europeans who like a lot of narrow gulleys and icy trails are likely to be disappointed. Instead, they have to accustom themselves to deep dry powder and broad avenues graded by their steepness (than other hazards).

A subjective list of the West's best ski resorts would be: Aspen, Vail and Steamboat in Colorado. Snowbird and Alta in Utah, Taos in New Mexico, Jackson Hole, Wyoming, and Heavenly Valley, California.

able, the choice is baffling. The decision is made easier to some extent by what I regard as the one basic ground rule of any visit to the western U.S., and that is the need to see one or two at least of the national parks. Yellowstone, whose vast acreage is mostly in the north-western corner of Wyoming, is the sort of place that defies description, if only for the fact that it is remarkably untouched by civilisation. The bears still roam and visitors can still easily find themselves lost.

But Yellowstone is only an outstanding example of a remarkable range of natural wonders which await the visitor.

In Utah there are the amazing rock formations of Arches and Zion national parks, further south lies the spectacle of the Grand Canyon, while close to the eastern borders of California lie Yosemite and Sequoia (Kings Canyon).

While the eastern states of America can provide excite-

ment, modernity and not a little history, the West offers physical spectacle on a grand scale. To visit the cities of the West and not venture into this wonderland of nature is to waste a rare opportunity—particularly since transport, whether car rental, airline travel or journeying on the railroad, is so inexpensive by European standards.

At this stage there ought to be a few confessions of personal preference. I am no fan of the larger new American cities. Houston and Los Angeles may be eminently convenient entry points, but in their own right their main advantage is the speed with which they both can be left. Each have their high points—I would not have missed Rodeo week in Houston nor those seafood meals in LA's Pacific coastal resort complexes—but as places none is particularly memorable except for the wrong reasons.

Denver is somewhat smaller, but still a gateway rather than a destination. Salt Lake has more charm, a restful, relaxed city which feels part of the country that surrounds it. The real gem, of course, is San Francisco, whose hills and waterways have defeated man's attempts to sprawl and instead left an atmosphere of intimacy and personality.

The drive from San Francisco to Los Angeles is one of the wonders of the world, a constant scenic drama of steep cliffs, green hills, crashing seas and small towns. The remarkable thing about this coast is that a few people live on it. Once you have left San Francisco and passed through the old fishing villages of Monterey, Carmel, you leave people behind.

Much of this coastline faces seamen of old—and indeed still does today—with daunting dangers. This, plus the rocky coastal hinterland, combined to discourage settlement. Even today the main freeway is well inland, leaving Highway One almost a country road. When I travelled it in May of this year, there seemed to be many bicycles than cars.

Given a week or 10 days, the combination of Los Angeles, San Francisco, and the coast between the two, would give any visitor a taste of America covering a considerable spectrum. There is some hope that the coastal strip would destroy as many illusions about America and its life-style as Los Angeles confirms.

For the British traveller costs are acceptable and often pleasantly surprising. As long as the pound is above \$2 the British visitor is likely to find he is getting a bargain.

Outside of the major cities this spring I never paid more than \$25 a night for a room, usually using hotels in the Travelodge chain (part of Trust Houses Forte) and Best West

CONTINUED ON NEXT PAGE

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# Profound change in South's attitudes

NO REGION of the United States has changed more than the South in the past 20 years.

The old Confederate states—the battle ground for the civil rights movement of the 1960s—have made enormous progress. For example, only last month Birmingham, Alabama, elected its first Black Mayor, a result which would have been unimaginable 15 years ago.

Part of the reason for this profound change in attitudes has been the rapid industrialisation of the southern states which are now often referred to as part of the Sunbelt—the strip of states that make up the southern third of the U.S.

These states have attracted billions of dollars of new investment as companies have taken advantage of lower labour costs, cheaper land and good weather and moved many of their operations to the South and South West.

But the South has not lost all its charm even if it is no longer the magnolia scented, plantation-dotted region so beloved by those who have seen the film *Gone with the Wind*.

For tourists the region does have its limitations, but the area can be divided into three distinct regions and each has something to offer. The fastest-developing tourist destination, as far as Europeans are concerned, is Florida. The Deep South—Georgia, Louisiana, Alabama, Mississippi and Tennessee—is less popular but fascinating to explore if time and distance are not too great a problem. And finally there is Texas whose 267,000 square miles inevitably make it a place apart.

## Fantastic

Florida is perhaps best known for Miami—and the resorts that line the coast next to—and for the fantastic Disney World at Orlando in the centre of the state. Miami has become a popular destination for British package tour companies, many of whom expect it to develop into a major holiday centre for Europeans in the years ahead.

Disney World, even for those who do not have children, is not to be missed. To see it properly takes about two days and there are thousands of newly-built hotel and motel rooms within easy reach. AMTRAK, Greyhound and several airlines offer special package deals to the area, which also features several other tourist attractions including Circus World, Sea World and in Tampa the famous Busch Gardens Amusement Park.

Florida offers sun and sea—no part of the state is more than 70 miles from the sea—but it is not a state of great historic interest. However, it is also worth seeing the Everglades National Park, one of the last great wilderness areas in the U.S., and Kennedy Space Centre which offers visitors full tour of the facilities.

Some visitors to Florida have been put off by the inexorable way in which the coast line has

been developed and by the over-commercialisation of parts of it. But there is a lot to see and, at the very least, the weather can almost always be relied on.

The Deep South—New Orleans always excepted—is more to be appreciated for its rural attractions than for its cities. Atlanta, for example, is a disappointing city which was largely destroyed in the Civil War and has none of the charm that European visitors might expect.

On the other hand, Savannah, Georgia, is a fine Victorian cotton town which has survived more or less unspoilt. And Natchez, Mississippi, which is not too far from New Orleans, is an interesting early 19th century town on the banks of the Mississippi river which has been gently decaying ever since the railway bypassed it and took most of the riverborne trade in the second half of the last century.

In the rural south the visitor can still find echoes of the past. Small towns are still a little suspicious of strangers though in the most remote of them it is clear that the pace of change has been much slower than elsewhere in the South.

All these states boast excellent state parks and plenty of opportunities for fishing and hunting. In Tennessee, the Great Smokey Mountain National Park—at the southern end of the Blue Ridge Parkway which runs north to the sky line drive and on almost to Washington—is one of the most spectacular in the country. And in Arkansas the Hot Springs National Park has some of the best thermal springs in the country.

The area has its share of the unexpected. In Oak Ridge, Tennessee, for example, there is an excellent museum of atomic energy. And off the coast of Georgia—on Jekyll Island—is a wonderful seaside "settlement" first developed by the men who made their money during the great industrial expansion of the 19th century. Here, and elsewhere in the rural South, hotels and motels are still surprisingly cheap, even in high summer.

The biggest tourist attraction for Americans—excluding Florida—is, of course, New Orleans. For Europeans it is perhaps less interesting, at least on first sight. The French Quarter of the city has been heavily developed and despite its past may seem more American than European.

## Courtyards

But away from the most developed parts of it the old part of New Orleans is extremely attractive. Fine old houses built in a mixture of French and Spanish styles, old apartment buildings, alleys and half-hidden courtyards make it a fascinating place to explore on foot. And it offers some of the best food and, of course, some of the best jazz in the country.

About 100 miles to the west of New Orleans is "Cajun country," a unique region famous for its Creole food where many of the people still speak French.

It is only an hour by air from New Orleans to Houston, the fastest-growing city in the U.S. and the centre not only of Texas but also the world oil industry.

## Architecture

Texas is so huge that it is best seen by air rather than by car. Houston boasts its space control centre and some of the most beautiful modern buildings in America. It also has the huge indoor Astrodome Stadium. But beyond that there is not all that much to see. And Dallas, the state's other large city, can safely be avoided altogether.

San Antonio, in the south of the state, is the home of the Alamo—where Davy Crockett died in the famous siege by the Mexicans—and it has a certain charm, but is probably not worth a special trip. The

real appeal of Texas is perhaps best appreciated after a trip to the 223,000-acre King Ranch, the largest in the country. It sprawls over four whole counties and a special tour is available for visitors.

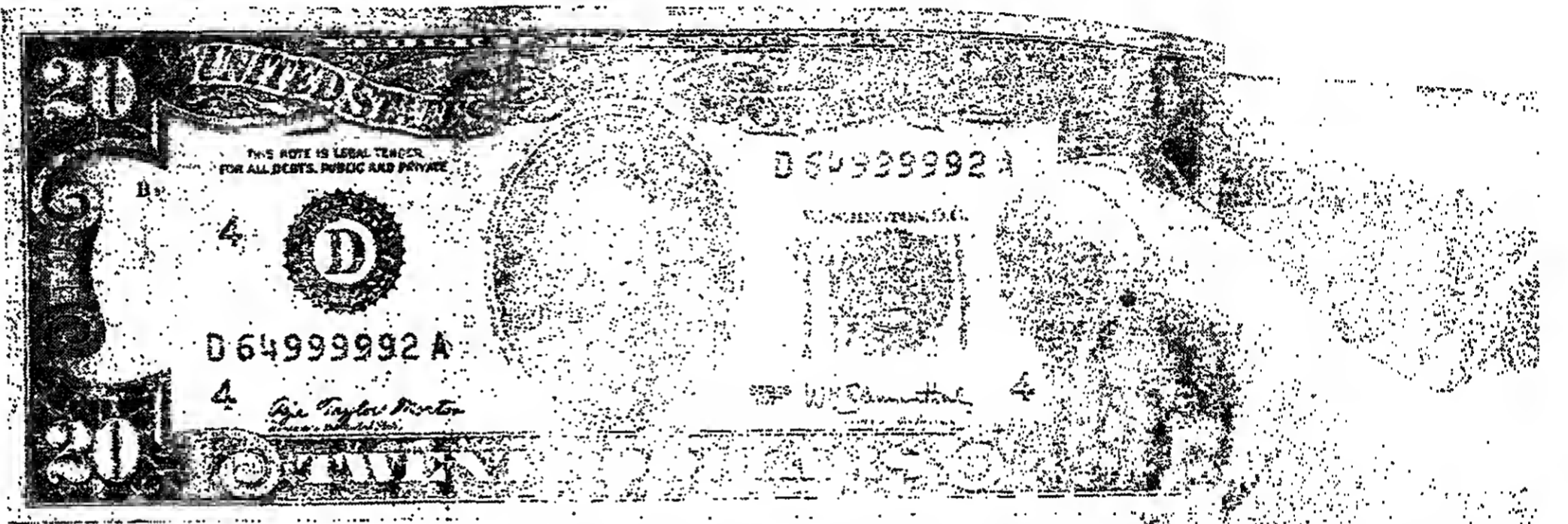
Indeed, Texas is one of the most hospitable states in the Union and one where good Mexican-American food is readily available. But for those who have only limited time to see the South it is probably true that Texas is the least-rewarding state for the tourist in the region.

It is unlikely that the South will ever rival the far West or the East Coast as a prime destination for European visitors. But it is an area that has fascinated Europe for a long time, with a distinctive character that has survived the modernisation of the past 15 years. And the new international air links to Houston, Dallas, New Orleans and Atlanta make it much more immediately accessible from Europe than it has ever been before.

David Bell



The Alamo of San Antonio, Texas, besieged and captured by Mexican forces in America's frontier days



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# The West

CONTINUED FROM PREVIOUS PAGE

tern. Next year, doubtless America's inflation will have nudged the rates up a bit, but they would have to rise by a surprising amount for them to be anything like what would be charged for the same air-conditioned, colour-TV, swimming pool comfort in Europe.

In the big cities the prices edge higher. Expect to pay \$40 or more for city centre, first-class accommodation. You can pay much less, of course, and, if you choose to sample the spectacular architectural splendours of say the Hyatt Regency in San Francisco, somewhat more (it's worth it for a night or so).

Is there therefore nothing wrong with the West? Well, yes, there is. Unless you are a motoring tourist information can be hard to come by. Greyhound bus stations offer little in the way of maps and guides and where towns have tourist aid centres they tend to be on the main routes into the area rather than downtown.

Food is fine if you like constant breakfasts and steak, a bit limited if you don't (not in the major cities, of course). If you don't eat by eight in some cities you'll be lucky to find

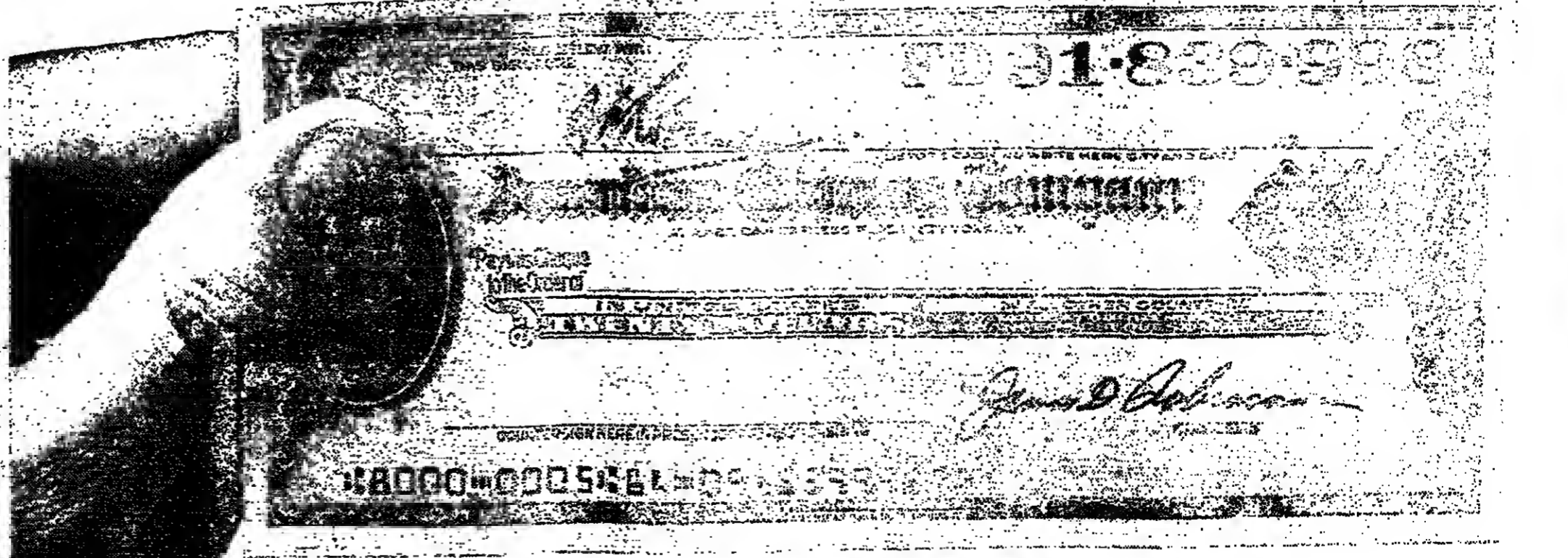
anything open but a pizza parlour or a hamburger house. An absolutely invaluable aid to both eating and accommodation in the West, and indeed to any other part of the U.S., is the Mobil Guide. There are editions covering various parts of the U.S. They detail the size of towns and offer a brief description before launching into a look at local hotels and restaurants. The guides usually also include a selection of discount cards for local attractions.

## Guide

Each guide costs only a few dollars and since they are widely available in the States I would urge waiting until you get there before buying one. This year's editions were available in Britain only in the early summer while they were on the American bookstalls much earlier, and no one wants to use a year-old guide which has cost twice what is charged for a new edition locally.

Most other guide books should be treated with extreme caution. Usually they are like this article: they attempt to do far too much in too short a space.

Arthur Sandles



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# U.S. TRAVEL AND TOURISM IV

## Cheap air fares battle

THE U.S. AIRLINE industry has always made innovations. Many of the developments which make life cheaper or more convenient for the air traveller have begun there, and percolated eventually through to the air travel systems in other parts of the world. Examples include such benefits as kerbside check-in to avoid congestion; walk-on "no reservations" shuttle systems, such as those introduced by Eastern Air Lines between New York and Boston and Washington several years ago and subsequently copied by British Airways.

More recently, the biggest new development has been "de-regulation"—allowing greater freedom of entry for airlines on domestic routes, thereby stimulating competition and resulting in a substantial reduction in fares. This development has been watched with increasing interest in Western Europe, where there has been considerable pressure to emulate it.

One of the problems in assessing the impact of de-regulation, however, is that its effects now appear to be clouded by the impact of soaring fuel costs, and the onset of economic recession.

Protagonists of de-regulation, such as Mr. Marvin Cohen, the chairman of the Civil Aeronautics Board, have argued that the current slackening of growth, and declining profits, are not the fault of greater competition stimulated by de-

regulation. He claims the new system has forced the industry to slim so that it has been in fact leaner and tougher to meet the effects of recession.

In his view, the de-regulation has given the industry a much-needed flexibility to cope with a downturn in the business cycle, and that de-regulation should not be confused with recession.

### Worried

But it is a fact that in the domestic U.S. airline scene there are now some worried executives. Traffic which was buoyant earlier this year, at a time of high profits, is now declining, and some of the new inter-city routes introduced as recently as a year ago in the wake of re-regulation have already been dropped. Other routes are also being shed as profits fall, and some labour lay-offs in the U.S. industry are forecast for the coming winter.

While the country's domestic airlines continue to provide a gold-mine for the cheap fare hunter, with many cut rates available, there is no doubt that rising fuel costs are already biting deeply into revenues already eroded by cheaper fares, and new fares rises are already in the pipeline.

Just how long many of the cheap fares which have prevailed over the past year or so can be sustained will depend entirely upon the trend of fuel

prices this winter, upon inflation, and upon the effects on the airlines of an economic downturn.

To a large extent, the situation in the domestic airline industry has been matched on the North Atlantic. Cheap fares, resulting from pressures from the Civil Aeronautics Board on both U.S. and foreign airlines, and especially from the refusal of the CAB to accept the fare-fixing methods of the International Air Transport Association, may have stimulated a substantial volume of traffic, but it has been profitless growth, in the face of mounting fuel and other costs. But even this situation does not seem to have prevented major U.S. airlines from seeking new routes to the Continent. For example, this year National has inaugurated scheduled flights to Zurich from Miami, and from New York to Amsterdam, while Delta has begun flights between Atlanta and Frankfurt.

### Noisy

As a result of the soaring fuel hills—in July alone they rose to a level 64.3 per cent higher than in the same month a year ago—and the downturn in traffic at the start of the winter, there is some concern in the U.S. airline industry over its ability to earn the returns on capital necessary to finance the new jet fleets needed through the 1980s to replace existing noisy, fuel-thirsty and ageing fleets.

Reports from many airlines indicate that the slackening in the rate of traffic growth which became apparent in September has continued into October and the situation is summarised by one airline spokesman as being "funny: we are drowning in apparent prosperity."

One estimate is that this year's profit margin for the U.S. domestic airline industry as a whole will be about 2 to 3 per cent, or about half the rate recorded in 1978. Fare rises of up to 25 per cent allowed so far this year by the CAB to compensate for fuel price rises are

newly-emerging climate of uncertainty over future traffic, costs and profits, in the light of the economic situation, is forcing the U.S. airlines to pause before pushing too hard for a new agreement that, while providing new opportunities for services, will do little to improve profitability.

### ATA study

The ATA study suggested that if the nation's airlines are to accommodate this traffic growth with the most productive aircraft available, they would need to invest about \$250m in new aircraft up to 1990, of which \$80m will be for passenger aircraft, \$70m for freighters, and \$90m for aircraft already ordered for delivery later this year.

To meet these bills, the airlines will need to sustain consistently high profit levels, as the only means of generating

adequate, and several airlines have already asked for more.

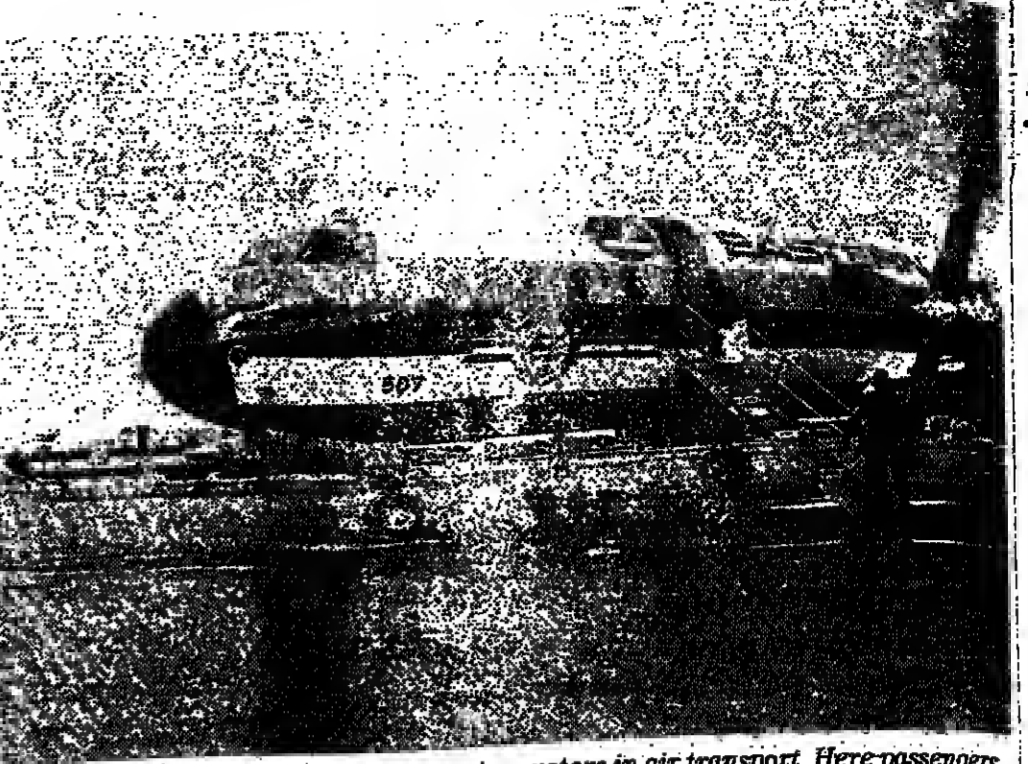
The Air Transport Association of America has forecast that, notwithstanding recession, demand for air travel through the 1980s is likely to run at an average annual rate of growth of 7 per cent, compared with the 11 per cent in the three years from 1976 to 1978, and the 15.8 per cent recorded in the first six months of this year.

The ATA foresees the U.S. domestic industry carrying about 525m passengers a year by 1990, against this year's 300m.

### The ATA study

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The country's domestic airlines are innovators in air transport. Here passengers board an Eastern Airlines shuttle flight on the Boston-New York route

the necessary internal funds and attracting outside capital. The ATA has suggested the industry will need an average annual corporate return on investment of between 18 and 15 per cent to handle the capital

commitments needed for new fleets. The big question is will the airlines be able to achieve those earnings, in the light of current economic trends. In 1978, for example, the return

was 13 per cent, and for 1979 it could be lower. Much depends upon what happens in the current quarter of the year, which appears to have started gloomily for many airlines. Michael Dunn

## Tour operators in fierce competition

ONLY A FEW years ago anyone in Europe who suggested that there would be a North Atlantic routes marketing war among airlines and tour operators carrying passengers to the U.S. would have been regarded as somewhat unbalanced. But the unbelievable has happened.

Only a couple of seasons ago the Briton who wanted to holiday in the States had a fairly narrow range of tour operators to choose from, and most of the business was independently organised by the visitors themselves. Today things have changed as the tour companies seize on the prospect of America being the growth market of the 1980s.

Even on the bald basis of prices, the fierceness of the competition is immediately apparent. Jetsave, one of the North Atlantic mass-market pioneers, is offering a six-night holiday in New York for £199; British Airways will give you a week in San Francisco for £318; Cosmos sells a fortnight in Miami Beach for £190; and if you prefer to go your own way Intasun will provide flight and a car for a week (two people) for £206 each.

Perhaps the above should have been written in the past tense, for such has been the rush of business that many of the less-expensive holiday offers for the coming year have been sold already, and some operators are frantically scrambling for additional capacity.

An example of the sort of demand which has been forthcoming has been given by Cosmos, one of Britain's biggest tour operators and a group which was quick to set up a full-scale tour programme to the States. In 1979 the company planned to carry 6,800 holidaymakers to the U.S. In the end, however, bookings in the main season exceeded 15,000 and about 3,000 people already have booked for this winter. Now Cosmos is upping its capacity to 50,000 people on 23 itineraries.

Mr. Sidney Silver, Cosmos managing director, says: "The most revolutionary development is that the U.S. dollar has become the bargain holiday currency. Food, transport and accommodation is cheaper now in New York and Los Angeles than in London, Manchester or Glasgow."

### Modest

Cosmos's 50,000 is fairly modest, although its tours are fully escorted. UK companies such as British Airways, Laker and Jetsave all do at least four times this business, and some of them much more, and to this must be added the substantial programmes of America's own home-brewed organisations such as American Express, Pan Am and TWA.

Some indication of the importance of the market can be gained from the fact that Thomson, Britain's biggest tour operator, puts America first in its resort listings in its main 1980 brochure.

Prime destinations for the European visitor are still such places as New York, Boston, Miami and the western milk run of Los Angeles, Las Vegas and San Francisco, but more and more visitors are becoming adventurous about their holiday-making. Car rental and camper hire is increasingly popular. For example, Jetsave, in its newly-issued brochure, offers flight and camper rental for two weeks from £289.

For the really adventurous there are camping tours. Trek-America, which is licensed by the U.S. Federal Government's

Inter-State Commerce Commission to use its own vehicles, runs a whole series of trips, an example of which is a six-week coast-to-coast tour from \$339—although everyone is expected to put about \$15 a week into the food kitty.

Many tour operators have found a considerable interest in apartment renting in the U.S. This year American Express has been selling apartment holidays in Florida from £214, a price for one week which includes not only the flight but also a rented car with unlimited mileage.

The sudden discovery of America by the tour operating companies is the result of a series of happy coincidences involving transport and, of course, currency values.

Although the North Atlantic has not been a high-fare route by most standards, until a few years ago there were not many really cheap fares unless one was prepared to indulge in a little rule bending—joining the South Essex Chicken Fanciers Club perhaps to qualify for charter rates.

The first break in that system was the setting up of the Advance Booking Charter system, which the British Civil Aviation Authority brought into operation after some determined fighting. After that Mr. Freddie Laker delivered the coup de grace to the old fare structures with his Skytrain. Everyone had to react to that play and the result has been a rush of low-priced seats.

All this happened at a time when the dollar was diving. Add to that the fact that much European business is at the very

time when the Americans themselves are enjoying home pleasures rather than heading for the resorts. Florida, for example, is a little hot in the high summer for the Americans themselves, so a summer influx of Britons and continentals eager to acquire a U.S. sun tan is a welcome sight.

There is, of course, a degree of nail-biting over whether or not the dollar's relationship to sterling is going to remain at an advantageous level for the British. But most operators think there would have to be a really major change for there to be any substantial effect on demand.

### Value

British Airways' Speedbird Holidays says unequivocally: "North America is going to be the world's major tourist destination in the 1980s. Until recently, traffic in the New World has been mainly on an independent basis, but the past 18 months have seen a greater emphasis on group travel, and this, combined with the stronger value of sterling, is creating an enormous growth market."

BA reckons that "in terms of hotel accommodation, air transport and local transport facilities, America is well geared to provide the services required but, in spite of a common language and shared traditions, the first-time visitor will find a completely different life-style and the American way of life may seem, at first glance, somewhat foreign."

of tourism. The difference between many British package tours to Europe and similar trips to the U.S. is that an American-style package often but not always, leaves the visitor much more to his own devices. American travellers are used, for example, to complaining direct to hotel staff if things go wrong, rather than running to a tour representative.

American money habits are different—travellers' cheques are used as cash in stores and hotels, whereas in Europe the tend to be cashed at banks first a practice U.S. hotels and banks are utterly baffled by.

American insistence on credit cards is a mixture of myth and fact. Most hotels will ask to see your credit card, but are really using it only as a means of identity and a reassurance against your running up huge bar bills and then disappearing. They will happily take cash, and, if you absolutely refuse to use credit cards, usually will accept a sight of your passport as an assurance of identity. Only renting a car is difficult without credit cards and even then a fistful of money usually quietsens the most questioning of staff.

America is certainly different but the package tour companies and airlines are finding their clients feel the difference is an appealing one. Obviously all think that the growth of the market will continue to be substantial and, while the price and marketing war continues, it is going to continue to be a buyer's market.

Arthur Sandhu

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# LAKER

AIR TRAVEL

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# Hotels offer value for money



Hotel chains across the country guarantee uniformity and good value. This one is in Las Vegas

ALL THE way from their free nationwide reservation systems to their individually packed and "sanitised" toothbrushes, American hotels have a well-earned reputation for efficiency and cleanliness. There are exceptions, of course, but it is rare that a traveller lodging to medium-priced accommodation feels he is getting poor value for money.

Conversely, it is rare that a traveller can tell the difference between a motel in Florida and one hundreds of miles away in Oregon. Despite all the attempts to dress hotels up in "local colour," there is a remarkable sameness about American lodging houses wherever they may be. Again, there are exceptions.

Both these attributes — efficiency and sameness — have to do with the fact that the vast majority of American hotels are run by only a dozen or so large chains: Holiday Inns, Best Western, Howard Johnson, Ramada Inns and so forth, with the Sheratons, Hiltons and Intercontinentals occupying the higher echelons.

This enables the companies who own them to achieve tremendous economies of scale by buying everything from monogrammed soap tablets to colour

TVs in bulk. But similarly, many of the chains build most of their lodging using the same architects plans. Howard Johnsons, for instance, has near-identical establishments all the way along a large section of Interstate 95, the main motorway running up the U.S. East Coast.

### Guarantee

However, for the foreign traveller touring the U.S., these chains have great advantages. Because they have unified reservation systems, a single toll-free telephone call can often reserve rooms all round the country. Similarly, some chains guarantee certain facilities at all their establishments, whether they be in New England or California. Holiday Inns, for example, always have a laundrette, a great boon for family or group travellers who want to save the expense of sending their washing out.

And whatever monotony the sameness may produce, it is also a guarantee that a hotel in some distant town will live up to expectations.

Rates in U.S. hotels have been affected by inflation, like everything else. But prices need not be excessive, parti-

cularly if travellers take advantage of the family or special rates on offer. Many motels will accommodate two children under 18 free if they stay with their parents. During this summer's season, a typical price for a double room was \$30, though it could range from \$20 to \$50 a night. In popular resort areas or large cities, prices would be somewhat higher.

These rates invariably include TV and air conditioning (a must almost everywhere in the summer months), and sometimes a swimming pool and sports facilities such as a tennis court as well.

But though the large chains account for the majority of hotels and motels, the traveller seeking less-standardised accommodation need not despair. The wealthy, of course, can stay at the palatial or exclusive hotels to be found in all cities and resorts. But these can be unpredictable. Some are housed in grand old buildings with hesitant elevators or noisy plumbing, while others have managed to preserve a style and level of service which has all but died in Europe, the model which they presumably emulate. At the other end of the

market, there are numerous private establishments of varying quality. Some pamper their guests with the devotion found only in hotels where the proprietor is the man behind the desk. Others are tatty and seem to care little.

What the U.S. conspicuously lacks is the bed and breakfast or pension accommodation so popular in Europe: cheap, traditional and cosy.

Travellers in the east of the U.S. have another option: the country inn. Surprising though it may sound, there is a large number of attractive, and genuine old hostleries in the U.S., dating back to colonial and early post-revolutionary days, though for that very reason they are found only in the early settled states.

### Rambling

Some, like the venerable Red Lion in Stockbridge, Massachusetts—with its rambling corridors, period furniture and exposed plumbing—would fit perfectly into an old English country town. Others, benefiting from the new interest in old inns, have been refurbished by enterprising individuals into establishments which offer both

comfort and character. The Redcoat's Return in the Catskill Mountains a couple of hours north of New York City would fit into this category.

Americans are strictly seasonal travellers. The summer season starts on Memorial Day in late May and ends on Labour Day in early September. Between those two dates resorts and hotels tend to be jammed, and reservations are essential, preferably well in advance. Outside those dates, though, travel is uncongested and reservations are not always needed except at holiday weekends. However, hotel reservations can be a problem in large cities.

In recent years, urban hotel accommodation has fallen far short of demand as old, uneconomical hotels shut down and were not replaced by new capacity. The problem is particularly acute in New York where it is almost impossible to get a hotel room during the busy seasons, and extremely hard to get one at other times. It is not uncommon for travellers to find themselves staying in Long Island or across the Hudson River in New Jersey.

New York is tackling this problem with a major hotel building programme which

should start bearing fruit next year. Travellers would still be well advised to book in advance, though.

Other cities can also be surprisingly congested: Washington, San Francisco, Los Angeles, Pittsburgh, Atlanta, Minneapolis. All have their problems, particularly if more than one convention is meeting in town at once.

The hotel industry itself is going through something of a shake-up. The recent gasoline crunch bit the profits of companies such as Howard Johnson which depend heavily on motorist occupancy, and it is not too clear yet how permanent the change in driving habits will be.

However, Imperial Group of the UK seems to be confident in the future. It recently made a \$630m takeover bid for the Howard Johnson chain, which was more than twice what the stock market thought the company was worth. If this deal goes through, it will greatly strengthen Britain's presence in the U.S. lodging business. Earlier, Trust Houses Forte took over Travelodge, a large motel chain. THF also owns various prestige hotels such as the Pierre in New York.

David Lascelles

## Competition is keen in car hire sector

EVEN BY the rough and tumble standards of the car rental business there was more than a touch of madness about the month of October in the U.S.

The craziness began when Budget Rent a Car, the country's fourth-largest car rental company, launched a major advertising campaign during the prime viewing season of the world series baseball tournament.

The gist of the ads was that whatever Hertz, the industry leader, could offer for a small car day rental rate Budget Rent a Car could do it \$10 cheaper.

Hertz, which has something of a reputation for taking umbrage at this "cut-and-thrust" style of advertising common in the car rental industry, responded by slashing its rates by over 30 per cent to match Budget and demanded that the television networks drop the Budget commercials.

Budget hit back with a second advertisement, claiming that it could undercut by \$10 on the daily rate for intermediate size cars. Hertz responded in similar vein to the small car challenge and again demanded the withdrawal of the ad.

After a few more days of claim and counter-claim the upshot was that rates returned to their previous levels, with Hertz claiming that Budget could not enforce its price structure anyway because of its franchising system and Budget happy that in its own view it had proved the point that it was and is the cheapest of the big four car rental companies.

### Effort

Generally speaking, unlimited mileage deals are best, but even this is not true where one company might be offering the first 100 or 200 miles at no extra cost to its basic daily charge. As a rough guide, the going rate is about \$20 a day for a small car on unlimited mileage or \$100 for a weekly rental. Weekend rates are slightly lower in most cases and every company boasts cheaper rates in Florida, where the tourist business is strongest. Although leisure travel accounts for no more than 30 per cent of the industry's business it is the most rapidly-growing sector and the area where the companies are currently putting a lot of effort.

However, for the tourist, the basis for a decision on whose car to hire often comes down to which company is represented at the airport. Airports are the U.S. industry's key selling point, and competition for floor space at the airports has

intensified since a Federal Trade Commission investigation in 1976 forced the three largest companies in the industry—Hertz, Avis and National—to end their alleged collusion to keep out the competition. Budget, which three years ago had counters at 94 U.S. airports, now has 180 such offices in the U.S.

Airports, have always been the main point of sale for business customers but the preponderance of fly-drive packages for tourists is increasing further the importance of an airport presence. There are a number of European tour operators who now sell fly-drive direct and within the U.S. the domestic fly-drive network is extremely well developed.

### Crisis

A lift was given to the fly-drive business—in particular and car rentals in general by the petrol shortage in the U.S. earlier this year when, initially for reasons of cost, the long car trip was often replaced by the tight plus car rental. As the fuel crisis worsened the rental companies also gained ground with their ability to offer a full tank of petrol with their cars. "California drivers rent their gas—with a car thrown in" as one headline of the period put it.

All of the major companies expect this growth to continue. Budget's sales were up 40 per cent last year at \$350m. National says its number of transactions is up 16 per cent this year against last year. Hertz showed first-half revenue of \$541m this year—a gain of more than 20 per cent—and says it expects the number of transactions it handles next year to increase by 12 per cent.

Avis's sales and profits have also grown strongly in the last year. Even America's demographic trends favour the industry, with an increase in the 30 to 40 age group of the population—the industry's biggest customer group—excepted in the 1980s.

Market shares are harder to define and the various versions are usually hotly contested by the companies. Suffice it to say that Hertz probably leads with about 40 per cent, followed by Avis with approximately 25 per cent, National 20 per cent and Budget some way below that. These figures are derived from censuses at airports.

None of the conglomerates which owns the four leaders can be dissatisfied with either performance or outlook in spite of the harsh words which the rental companies themselves often resort to about each other. Hertz is owned by the RCA Group, Avis by Norton Simon, Budget by Transamerica and National by Household Finance.

If the customer is to achieve equivalent satisfaction there is no substitute for shopping around. There is just one other tip which does appear to hold good. That is in New York. Never rent a car in Manhattan where most of the concessions offered by the rental companies do not apply. It is cheaper to collect your keys at Kennedy Airport.

Ian Hargreaves

# This winter National gives you America's warmest welcome with Super Tours in the USA and the Caribbean.



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Below, you can see brief details of just a few of National Airlines' low-cost, high-quality holidays available right through the winter months. Travel is from Heathrow on National Airlines' comfortable wide-bodied jets. You leave at 11.15 am on our daily scheduled flights to Miami, arriving in time for a swim and a drink before

dinner. Hotels include some of the best and most luxurious in Florida.

Because eating-out in America can be so enjoyable and so inexpensive (a steak dinner in a fast-food restaurant for about £2.00, a cooked breakfast from about 50p, and a gourmet dinner for around half what it would cost in London) the package rates given below include flight and accommodation only (plus a car or sight-seeing where specified).



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We'll take you to glamorous, luxurious, sun-drenched Miami. You'll stay in one of the famed Miami hotels—all of them noted for American service and wonderful holiday facilities. At the Dorland-on-the-Ocean, for example, you can live it up in the Cabana Club, splash in a freshwater pool (not to mention the Atlantic), be entertained at the 'Starlight Roof Night Club' and recover in the Health Club and Sauna.

At the Fontainebleau Hilton you'll find an incredible half-acre pool in a tropical grove with a bar behind a giant waterfall. The young car, even soar down a remarkable waterslide. Then there are 1,000 feet of private beach plus day and night tennis—and there's an 18-hole PGA golf course within easy reach.

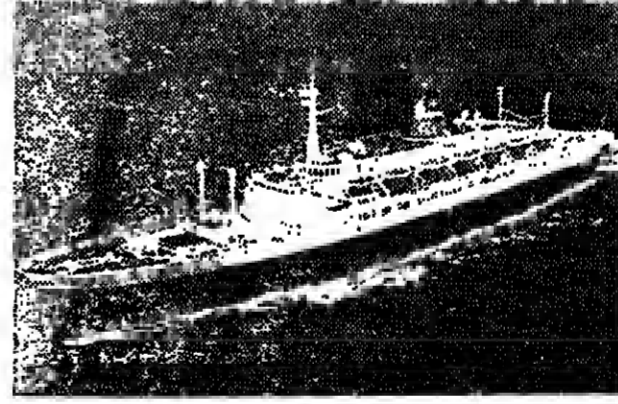
9 days (7 nights) from £287 per person. Price includes flight, hotel and a sight-seeing tour of Miami.

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If you'd like to be more mobile and tour the sights, the coast and countryside of Florida, we've got a superb collection of fly-drive holidays. Prices are based on fly-drive holidays that include accommodation.

The price given below is for a tour that includes your flight to Miami from Heathrow and the hire of an air-conditioned car for two people. There's no mileage charge (insurance etc. is extra) and petrol which you should have no difficulty buying costs about half as much as it does in the UK.

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### The Wonderful World of Walt Disney.

For a really exciting and novel experience why not combine your Florida holiday with a trip to the Wonderful World of Walt Disney. You can stay at nearby Orlando or in the Walt Disney World Village of Lake Buena Vista. From here you can visit the Magic Kingdom and voyage with marauding pirates, journey through a world of singing children, shake hands with your favourite Walt Disney character, take a fabulous steamboat cruise stopping off at Discovery Island, and experience countless other magical adventures. Two- to seven-night holidays at Walt Disney World are available.

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To: National Airlines Inc., Tours Dept., Wellington Road, Chertsey, Folkestone, Kent CT20 3PS. Please send me the fullest details about your 1979/80 Super Tours programmes. Name \_\_\_\_\_ Address \_\_\_\_\_

F.T.2.

# Fly National Airlines

America's warmest welcome

U.S. TRAVEL AND TOURISM VI

# Buses' appeal grows

BEFORE THE introduction of a nationwide 55 mph speed limit in the United States it was a common sight on motorways to see sleek, silver Greyhound buses cruising by at 80 or 90 miles an hour on their way to any one of the 14,000 destinations the buses serve.

Now the buses go slower (though not always quite as slowly as the speed limit) but they still offer an unrivalled way to travel across America. Both Greyhound and Continental Trailways, the two main inter-state bus companies, offer very competitive rates for periods of unlimited travel. And there is no other way to reach many parts of the country by public transport.

The bus companies first recognised their appeal to foreign travellers more than 20 years ago and both have offices in Britain and elsewhere in Europe. The number of foreign passengers has grown over the years although neither company has precise figures because it has no idea of the nationality of passengers who buy tickets once in the country.

Both Greyhound and Trailways are also now tapping the bus charter market for foreign tours and they expect this to be a fast-growing sector over the next few years as the fall in the dollar and the advent of cheap air fares make the U.S. a steadily more attractive place

for European and Japanese visitors.

As generations of bus travellers have discovered, however, there are some disadvantages to bus travel. Chief of them is that most of the terminals are located in the less salubrious downtown areas of America's larger cities—usually areas of high crime rates where it may not be safe to venture late at night.

The terminals also tend to be some distance from good hotels and it is not always easy to find a taxi or a bus to get to them. Some travellers have been a little disillusioned after being forced to spend all night sitting in a forlorn terminal in a large city.

However, the companies say that they have been making big efforts to brighten their terminals and they point out that most of the larger cities now have suburban terminals as well as a main interchange point in the centre for those travellers who want to stay out of the centre at night.

There is no denying that travel by bus is remarkably cheap. A 15-day Greyhound Ameripass or Trailways Eagle Pass allows its owner unlimited travel anywhere in the U.S. or Canada for only \$195 plus a small fuel surcharge. The cost of the same pass for 30 days is \$325.

It is possible to see a great deal of America in this way even in 15 days although it is probably unwise to rely on the bus for long-distance travel right across the continent. New York to Los Angeles, for example, can take as little as 44 hours straight through but it is a punishing way to travel 3,000 miles.

Most visitors, according to the bus companies, travel no more than 400 miles a day and use their bus passes to break carefully-planned journeys. Thus they might take two weeks to cross the country by bus and then fly back to New York.

**Advantage**

Alternatively, both companies offer passes for unlimited travel within particular areas, of which California, New England and Florida are the most popular. These are cheaper than the nationwide passes but are less favoured by foreign travellers who prefer the flexibility to travel anywhere they wish.

The advantage of bus travel—above all its flexibility—has not been lost on a number of European package tour operators who now offer two or three-week bus trips across the U.S. from New York to California or vice versa.

These trips are usually made in 35-40 seat buses which are

fully air-conditioned and with a guide provided. Hotels are booked and pre-paid in advance and sightseeing is also thrown in. These tours have already proved so popular that the companies are making arrangements to meet increased demand next summer.

Last summer, when the petrol shortage was at its height, the major bus companies could not keep up with the demand for charter buses as Americans developed a new-found enthusiasm for all kinds of public transport. This has since waned but overall use of the buses this year has increased and the industry expects 350m people to travel on inter-city buses this year.

This figure is a significant improvement on last year's 335m but still well below the 388m carried in 1974 at the height of the first oil scare.

The most important consequence of this increase in bus travel has been that, particularly in summer and at holiday times, it can be very difficult to get on a bus. It is thus more essential than it once was to plan a bus holiday quite carefully in advance and, wherever possible, make advance reservations.

It is also worth getting the Trailways or Greyhound schedules to see how much time journeys are estimated to take.

Distances are vast by European standards and it is important not to plan legs which are too long for comfort. For example, a bus trip from New York to New Orleans can take 30 hours even though on the map it looks a relatively short distance. And in the West the journeys are even longer.

Greyhound and Trailways have been vigorous competitors for years but they have now entered a new period which promises to be even more competitive. Trailways was sold in August to a private group headed by Mr. James Kerrigan, formerly the chief executive officer of Greyhound. Analysts expect the two companies to be much more aggressive in the future as a result.

For its part Greyhound is a subsidiary of the Greyhound Corporation, a conglomerate with headquarters in Phoenix, Arizona. In 1977 Greyhound Corporation had gross revenues of \$3.9bn. The transport division of the Greyhound Corporation, which includes some local bus lines, as well as the inter-state services, had net earnings in 1977 of \$26.5m. Last year, it reported a drop in earnings to \$21.5m.

But although the industry is dominated by Greyhound, which is three times larger than Trailways, its largest competitor, these companies do not have the



Air-conditioned buses such as this one operated by Greyhound are an unrivalled and inexpensive means of travelling in the U.S.

market to themselves. There are 1,100 independent inter-city bus companies in the U.S. which specialise in inter-state or inter-city travel. And they operate apart from the authorities that run public transport systems in the nation's cities.

The rise in the price of petrol has given the bus a new-found popularity but it is still, in American terms, not nearly as popular as air travel. For foreigners, however, it is a superb system which, if used carefully and with trips planned in advance, can be the cornerstone of a very successful holiday.

David Bell

# Rail routes rescued

THE AMERICAN passenger rail network, neglected and grossly under-financed for more than 30 years, is now only a shadow of its former self.

Visitors to the United States who expect anything similar to the European or Japanese network of frequent, high-speed trains will, for the most part, be disappointed. But the train is still a good way to see some of the most beautiful—and most remote—parts of the country, and there are still a few routes where the train is as convenient as it is in Europe.

In 1971 Congress rescued what was then left of the American rail system to prevent passenger services vanishing altogether. Most of the country's railroad companies had long since lost interest in passengers and abandoned them in favour of freight. Airlines and inter-state bus services willingly took over the rail passenger market and the railroads scarcely bothered to compete.

The new body created to run the passenger network was called AMTRAK and it faced an unenviable task. Locomotives, carriages, track and stations had been starved of capital since the early 1950s. And although AMTRAK was given authority to run trains, to begin with it did not own any of the track. Thus it had to route its trains over track owned by 17 different railroads, none of which wanted anything to do with passenger trains.

By law such trains have always had priority over the long, lumbering freight trains operated by these railroads. But it is a difficult law to enforce and it has proved even more difficult to get these companies to upgrade their track so that passenger trains can be run at speed.

AMTRAK's other major problem has been an enduring shortage of carriages. Whereas British Rail operates over 11,289 miles with about 17,400 carriages, AMTRAK's network extends over more than 20,000 miles and has only 1,870 carriages to serve it.

The combination of equipment shortages, bad track, dirty stations and slow trains has given AMTRAK something of a bad name within the U.S., but it has been fighting back and a vast programme of new investment is at last beginning to bear fruit.

**Comfort**

For the European visitor this is good news because it means that trips can now be made in new carriages whose standards of comfort are very high by European standards. The "coach" class carriages—which are the equivalent of second class—are more comfortable than those on British Rail and "club" or first class feature very comfortable seats with full waiter service at the seat.

A new fleet of long-distance sleepers—the first to be built in the U.S. for nearly 30 years—is now coming into service. Within 18 months they will be standard equipment on many long-distance trains.

Indeed these new carriages are another sign of the way that AMTRAK is developing into two quite distinct railways. On the one hand are the so-called corridor services which offer a fairly high-frequency service over short distances. These include the Chicago-Detroit and Chicago-Milwaukee services as well as the San Francisco to San Diego service where the number of trains has been doubled.

More important, it also includes the Boston-New York-Washington route known as the north-east corridor. This is the only part of the U.S. which offers the kind of rail service to be found in Europe or Japan. The track on this 450-mile route is now being rebuilt at a cost of \$1.6bn and the corridor is served by about 120 trains a day.

When the rebuilding is completed the journey from New York to Washington will take about 2 hours 40 minutes which will make it very competitive with the air shuttle which goes between two airports that are a little way from the centre of both cities.

Visitors to the Eastern coast of the U.S. find this service very convenient and AMTRAK offers

a range of courses allowing one or two night stops in such places as New York and Philadelphia with hotels and sight-seeing included in the package.

But in the rest of the country trains are much more of a rarity. The journey by train from New York to Chicago, for example, takes about 18 hours compared to the 12-hour take by crack trains before the Second World War. From New York to California can take three days or more—a whole day longer than the same journey by bus.

The number of trains has been cut. There is, for example, only one train a day each way between Los Angeles and Chicago and only three week-end trains between Los Angeles and New Orleans.

### Beauty

However, it is on these long distance trips that a visitor really comes to appreciate the size and the natural beauty of America, particularly in the West where the rail lines pass through wild and unspoiled country and the views are tremendous. AMTRAK offers tours which allow the traveller to break a journey and hire a car to explore before picking up the train again a day or two later.

Indeed, the very slowness of the trains comes to have its own appeal as they lumber over routes laid down more than a century ago—routes that are more than anything else to unify the country during the heady period of expansion.

In the past six months, however, AMTRAK has also suddenly found itself popular for other reasons. The shortage of petrol this summer—and the sharp rise in its price—has led to a significant increase in the number of people travelling by train. In the first nine months of the year the total number of riders increased by 12.5 per cent to more than 20m.

The immediate consequence of this was that AMTRAK reservation phone lines could not handle the upsurge in ticket bookings. And only a few days after it was introduced AMTRAK cancelled its cheap fare for foreigners on grounds that summer trains were too crowded to allow anyone to travel reduced rates.

The petrol station queues have gone now and the trains are not so full except at holiday times. AMTRAK is now considering reintroducing concessionary tickets for foreigners but only during the spring and autumn. It is unlikely that it will introduce cheap summer fares for the foreseeable future.

The increase in demand for space on the trains has made it essential that anyone travelling on them should book in advance. On the North East Corridor this is not always necessary (though it is essential on the high-speed Metro-liner trains) but elsewhere in the country it is now very wise to travel without a booking.

When inquiring about reservations it is important to look at all the various special tickets available and it is also worth getting a hold of AMTRAK's own leaflets which give details of a range of package tours offered on behalf of AMTRAK by private operators. Armed with a proper booking and plenty of time and patience there is nothing to match a long journey through America by train. AMTRAK itself has more or less given up its aim of breaking even any time soon. At the moment the federal government subsidy on the railways is more than half the cost of every ticket.

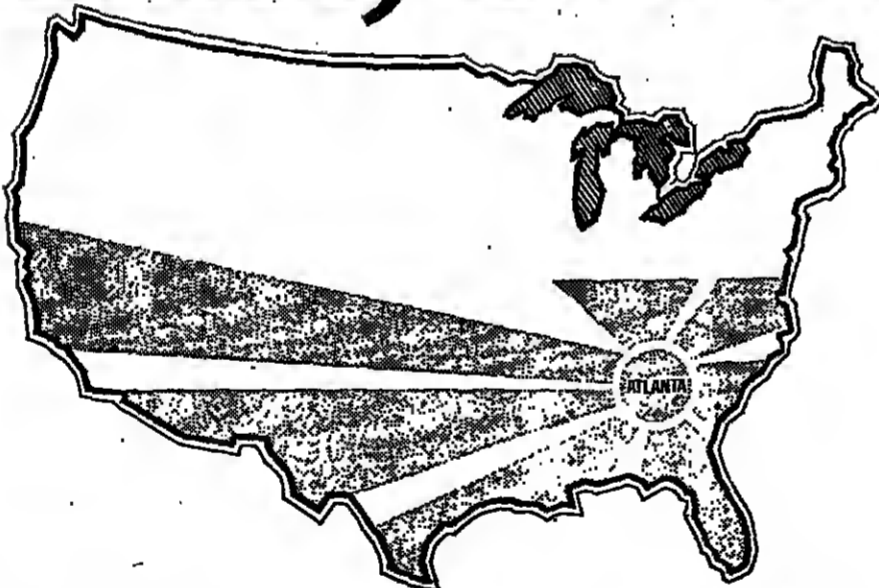
Costs are rising so fast that it is difficult to see how this subsidy can ever be cut by very much. So it is always possible that Congress will lose patience with passenger transport on the railways and decide to cut out forever the long-distance trains that make their slow way across the country.

It is worth taking one's hat off to them for going. The tempo and the bus may be faster—or cheaper—but they are no substitute for the train. Even if it does arrive half a day late.

David Bell

# Delta Flight 11.

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For information and reservations, call your Travel Agent. Or call Delta in London at (01) 668-0935, Telex 87480. Or call Crawley (0293) 517600. Delta Ticket Office is at 140 Regent Street, London, W1R 6AT. DELTA

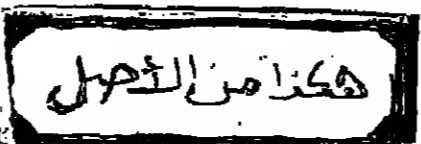
Schedules and fares subject to change without notice.

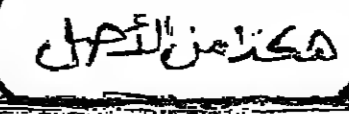


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Companies and Markets

Christmas nut supplies assured

By Our Commodities Staff. SUPPLIES OF walnuts, almonds and Brazil nuts will be plentiful this Christmas...

London precious metals futures market urged

By JOHN EDWARDS, COMMODITIES EDITOR. A SUGGESTION that the London Metal Exchange should start a separate precious metals market...

Guatemala halts coffee exports

By Our Commodities Staff. GUATEMALA HAS suspended exports of coffee from the 1979-80 harvest...

UK AGRICULTURE Difficult future for hill farmers

By JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT. HILL AND upland farmers, particularly in the North of England and Scotland...

Beef price rise forecast next year

By A Correspondent. MOST FORECASTS for beef producers' earnings during 1980 are too pessimistic...

Commission backs sugar cut

By MARGARET VAN HATTEN IN BRUSSELS. THE EEC Commission yesterday approved proposals for a Community sugar regime for 1980-85...

NZ meat strike settlement 'very likely'

WELLINGTON - A return to work by New Zealand meat export workers on strike since Monday...

Debt problem for Danish farmers

By HILARY BARNES IN COPENHAGEN. DANISH MINISTER OF Agriculture, Mr. Poul Dalsager, told farmer leaders yesterday...

World market strength

WASHINGTON - The recent strength in world sugar prices is expected to continue into next year...

PRICE CHANGES

Table with columns for Nov 8 1979, +/-, and Month ago. Lists various commodities like Metals, Rubber, Soybean Meal, etc.

AMERICAN MARKETS

Table with columns for Nov 8 1979, +/-, and Month ago. Lists various commodities like Metals, Rubber, Soybean Meal, etc.

BRITISH COMMODITY MARKETS

Table with columns for Official, +/-, and Unofficial. Lists various commodities like Lead, Zinc, Tin, etc.

COFFEE

Table with columns for Year to Date, +/-, and Business Done. Lists various coffee grades like Arabica, Robusta.

SUGAR

Table with columns for Year to Date, +/-, and Business Done. Lists various sugar grades like White, Brown.

EUROPEAN MARKETS

Table with columns for Nov 8 1979, +/-, and Month ago. Lists various commodities like Wheat, Corn, Soybeans.

INSURANCE BASE RATES

Table with columns for Property Growth, Vanbrugh Guaranteed, etc.

GRAINS

Table with columns for Year to Date, +/-, and Business Done. Lists various grain grades like Wheat, Corn.

CORAL INDEX CLOSE: 410-415 (-5)

U.S. commodity markets now open to U.K. investors

Gold, Platinum, Cotton and Meats are amongst the many commodities traded on the U.S. futures markets...

CCS.T. Commodities Ltd. Walsingham House, 35 Seething Lane, London EC3N 4AH, Tel: 01-480 6841.

WHEAT

Table with columns for Year to Date, +/-, and Business Done. Lists various wheat grades.

WOOL FUTURES

Table with columns for Year to Date, +/-, and Business Done. Lists various wool grades.

INDICES

Table with columns for Nov 7, Nov 6, 5 month ago, Year ago. Lists various indices.

MEAT/VEGETABLES

Table with columns for Nov 7, Nov 6, 5 month ago, Year ago. Lists various meat and vegetable prices.

MOODY'S

Table with columns for Nov 7, Nov 6, 5 month ago, Year ago. Lists Moody's credit ratings.

CLUBS

Text listing various clubs and their details.

PERSONAL

Text listing various personal services and their details.

REUTERS

Table with columns for Nov 7, Nov 6, 5 month ago, Year ago. Lists Reuters market data.

LONDON STOCK EXCHANGE

Companies and Markets

Interest rates fears persist and slide in Government stocks and equities continues—Index 5.9 off at 412.2

Account Dealing Dates

First Declara- Last Account Dealing Dates... 23 Nov. 1 Nov. 2 Nov. 23 Nov. 15 Nov. 16 Nov. 20 Nov. 19 Nov. 29 Nov. 30 Dec. 10

After speculating throughout the morning about an imminent, and perhaps sharp, hike in Minimum Lending Rate...

The rejection was once again more noticeable in the gilt-edged market. An attempt to hold a slightly higher opening price level failed miserably...

Increasing fears about the possibility of a complete halt in Iranian oil shipments following recent developments in that country...

The downturn in leading equities was not entirely after noon when increased offerings found the market unwilling...

Interest in Traded options continued to decline and yesterday's total amounted to 385 only, compared with Wednesday's 459 and

Today's 624. EMI again attracted most business with 112 contracts completed.

Although the London debut of Cluff Oil Australia was deemed successful, business failed to match that in domestic markets overnight...

Banks better

Awaiting decisions on the subject of base lending rates, the major clearing banks made modest progress. Barclays ended 8 to 8 1/2 and Lloyds improved 8 to 2 7/8...

Insurance moves higher in places. Pearl put on 4 to 23 1/4 as did Equily and Law to 17 1/4. A shade steeper at the outset, leading Breweries lacked follow-through support...

Further selling developed of Building issues. The Timber sector became particularly vulnerable and Walsley-Engle's cheaper at 24 1/2...

G. H. Downing found a little support and added 5 at 11 1/2. A reasonable business was transacted in ICI...

Among other Chemicals, Allied Colloids eased 6 to 14 1/4 as bid hopes faded and Carless Cape shed 2 to 5 1/4 on profit-taking...

Sothebys fall

Failing to draw much comfort from the decision to leave minimum lending rate unaltered at 14 per cent, miscellaneous industrial leaders lost more ground yesterday...

Fresh concern about the high price paid for EMI's agreement to its latest share-exchange offer, prompted a further fall of 6 to 32 1/4 in Thorn...

With the exception of Vickers, 2 dearer at 11 1/2 in response to favourable Press mention, the Engineering leaders drifted a shade easier...

consideration of the better-than-expected half-yearly results. Other Foods, although quieter than last year, gave ground on lack of support...

Portsmouth and Sunderland Newspapers firmed a few pence to 7 1/2 on the interim statement, but other Newspapers were barely changed from the overnight positions...

BP lower

Trade in British Petroleum remained subdued awaiting public response to the Government's offer for sale, which closes today...

Heavyweights showed losses of up to 2 1/2 in West Driefontein, 2 1/4, while falls of 1 were common to Randfontein, 2 1/4, and Western Deep, 2 1/4...

Reports of good October car sales prompted early strength in Motor Distributors and, although prices drifted off in the later trading, selected issues retained modest rises...

on their overnight levels. Dunlop shed a penny to 4 1/2, while Air-Row Streamlines, at 4 1/2, lost Wednesday's gain of 2 which stemmed from the mid-term profits.

Portsmouth and Sunderland Newspapers firmed a few pence to 7 1/2 on the interim statement, but other Newspapers were barely changed from the overnight positions...

Gold turn easier

South African Gold reversed the trend of the previous two days as profit-taking followed the downturn in the bullion price after the International Monetary Fund's gold auction...

After initially holding steady on Johannesburg buying interest, shares of gold turned easier on widespread, although generally light, profit-taking...

On the other hand Coal stocks made progress following CSR's takeover bid for Thiess Holdings. Thiess were marked up to 26 1/2, a rise of 1 1/2, while Oakbridge climbed 9 to 14 1/2, after a 1979 high of 15 1/2...

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Thurs., Nov. 8, 1979, Wed., Nov. 7, Tues., Nov. 6, Mon., Nov. 5, Fri., Nov. 2, Year ago (approx.). Rows include CAPITAL GOODS, BUILDING MATERIALS, CONTRACTING, etc.

Table with columns: FIXED INTEREST YIELDS, Thurs., Nov. 8, Wed., Nov. 7, Tues., Nov. 6, Mon., Nov. 5, Fri., Nov. 2, Year ago (approx.). Rows include 10-yr. Red. Deb. & Loans, Investment Trust Prefrs., Govt. and Ind. Prefrs.

ACTIVE STOCKS

Table with columns: Stock, Denomination, Closing price (p), Change on day, 1979 high, 1979 low. Rows include BTR, Marks & Spencer, IAT Inds., etc.

OPTIONS

DEALING DATES in Premier Oil, Burnham, Thorn, Status Discount, EMI, Town and City Properties, Johnsons Firth Brown, Charterhall LOFS, Poseidon, FNF, Godfrey Davis, Marks and Spencer, Queens Moat Houses and Rand Mines. Puts were down in Barratt Developments, Fairview Estates and Harris Queensway, while doubles were completed in BFI, Nelson David and British Land.

RECENT ISSUES

Table with columns: Issue, Price, Date, Stock, etc. Rows include F.P. 100, F.P. 101, F.P. 102, etc.

FIXED INTEREST STOCKS

Table with columns: Issue, Price, Date, Stock, etc. Rows include F.P. 100, F.P. 101, F.P. 102, etc.

"RIGHTS" OFFERS

Table with columns: Issue, Price, Date, Stock, etc. Rows include F.P. 100, F.P. 101, F.P. 102, etc.

FINANCIAL TIMES STOCK INDICES

Table with columns: Index, Nov. 8, Nov. 7, Nov. 6, Nov. 5, Nov. 4, Nov. 3, Nov. 2, Nov. 1, Year ago. Rows include Government Secs., Fixed Interest, Industrial, Gold Mines, etc.

HIGHS AND LOWS

Table with columns: Index, 1979 High, 1979 Low, Since Completion High, Since Completion Low, Nov. 8, Nov. 7. Rows include Govt. Secs., Fixed Int., Ind. Ord., Gold Mines.

S.E. ACTIVITY

Table with columns: Index, Nov. 8, Nov. 7. Rows include Daily Gilt Edged, Industrial, Commercial, etc.

NEW HIGHS AND LOWS FOR 1979

The following securities noted in the past 12 months have reached new highs and lows for 1979.

Table with columns: Security Name, High, Low. Rows include COMMONWEALTH & AFRICAN GROUPS, INSURANCE, PAPER, etc.

RISES AND FALLS YESTERDAY

Table with columns: Index, Up Down, % Change. Rows include British Funds, Govt. and Ind. Prefrs., Financial and Prop., etc.

LONDON TRADED OPTIONS

Table with columns: Option, Expiry, Price, Closing offer, Vol., etc. Rows include BP, Marks & Spencer, IAT Inds., etc.

LEADERS AND LAGGARDS

Table with columns: Index, % Change. Rows include Oils, Food Retailing, Property, etc.

UNIT TRUST SERVICE

Advertisement for Unit Trust Service, listing various investment funds and their details.

OFFSHORE & OVERSEAS—contd.

Advertisement for Offshore & Overseas, listing various international investment opportunities.



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Allen Harvey & Ross Unit Trust, Allied Hambro Group, and others, with columns for name, manager, and other details.

Table listing unit trusts under the heading 'Discretionary Unit Fund Managers', including Mayflower Management Co., Mercury Fund Managers Ltd., and others.

Table listing unit trusts under the heading 'Unit Trust Managers Ltd.', including Target Trust Mgrs., Commercial Underwriting, and others.

Table listing unit trusts under the heading 'Confederation Life Insurance Co.', 'Credit & Commerce Insurance', and 'Crown Life Assurance Co. Ltd.'.

Table listing unit trusts under the heading 'London Aylem & Nth. Mil. Assur. Ltd.', 'Scottish Widows Group', and 'Standard Life Assurance Company'.

Table listing unit trusts under the heading 'Sun Alliance Fund Mgmt. Ltd.', 'Sun Alliance Life Assurance Co. Ltd.', and 'Sun Life of Canada (UK) Ltd.'.

Table listing unit trusts under the heading 'Capital International S.A.', 'Charterhouse Capital', and 'Cine Investments (Jersey) Ltd.'.

NOTES: Prices are in pence unless otherwise indicated. Yields are shown in full column after all buying expenses...

Notes regarding unit trust information, including details on how to obtain further information and contact details for the service.

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SURVEYORS VALUERS AND AUCTIONEERS OF REAL ESTATE

Healey & Baker 01-629 9292

BRITISH FUNDS

Shorts (Lives) up to Five Years

Table of British Funds with columns for Name, Price, and Yield.

Five to Fifteen Years

Table of British Funds (Five to Fifteen Years) with columns for Name, Price, and Yield.

Over Fifteen Years

Table of British Funds (Over Fifteen Years) with columns for Name, Price, and Yield.

Undated

Table of British Funds (Undated) with columns for Name, Price, and Yield.

INTERNATIONAL BANK

86 1/2 Bp Stock 77-82

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Price, and Yield.

LOANS

Table of Loans with columns for Name, Price, and Yield.

Public Bond and Ind.

Table of Public Bond and Ind. with columns for Name, Price, and Yield.

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Frankfurt: Frankfurter 68-72, 6000 Frankfurt-am-Main 1

New York: 75 Rockefeller Plaza, N.Y. 10019

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FT SHARE INFORMATION SERVICE

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Name, Price, and Yield.

BANKS & HP—Continued

Table of Banks & HP with columns for Name, Price, and Yield.

CHEMICALS, PLASTICS—Cont.

Table of Chemicals, Plastics with columns for Name, Price, and Yield.

ENGINEERING—Continued

Table of Engineering with columns for Name, Price, and Yield.

AMERICANS

Table of American Stocks with columns for Name, Price, and Yield.

Hire Purchase, etc.

Table of Hire Purchase, etc. with columns for Name, Price, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Name, Price, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Name, Price, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Price, and Yield.

ELECTRICALS

Table of Electricals with columns for Name, Price, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Name, Price, and Yield.

INDUSTRIALS (Misc.)

Table of Industrials (Misc.) with columns for Name, Price, and Yield.

CANADIANS

Table of Canadian Stocks with columns for Name, Price, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Name, Price, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans with columns for Name, Price, and Yield.

FINANCIAL

Table of Financial with columns for Name, Price, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. with columns for Name, Price, and Yield.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools with columns for Name, Price, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. with columns for Name, Price, and Yield.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools with columns for Name, Price, and Yield.

FOOD, GROCERIES—Cont.

Table of Food, Groceries, Etc. (Continued) with columns for Name, Price, and Yield.

INDUSTRIALS (Misc.)

Table of Industrials (Misc.) with columns for Name, Price, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. with columns for Name, Price, and Yield.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools with columns for Name, Price, and Yield.

Handwritten text in Arabic script.

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, high, low, and change.

INSURANCE—Continued

Table of insurance stocks including companies like Royal Indemnity and Commercial Union Assurance, with columns for stock price, high, low, and change.

PROPERTY—Continued

Table of property stocks including companies like British Land and National Westminster, with columns for stock price, high, low, and change.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Venture and British Venture, with columns for stock price, high, low, and change.

FINANCE, LAND—Continued

Table of finance and land stocks including companies like City of London and City of London, with columns for stock price, high, low, and change.

DAIWA BANK

DAIWA BANK logo and text: a fully integrated banking service. Head Office: Osaka, Japan.

MINES—Continued

Table of mining stocks including companies like Anglo American and Anglo American, with columns for stock price, high, low, and change.

AUSTRALIAN

Table of Australian stocks including companies like BHP and BHP, with columns for stock price, high, low, and change.

TINS

Table of tin stocks including companies like Anglo Tin Mines and Anglo Tin Mines, with columns for stock price, high, low, and change.

COPPER

Table of copper stocks including companies like Anglo American and Anglo American, with columns for stock price, high, low, and change.

MISCELLANEOUS

Table of miscellaneous stocks including companies like Anglo American and Anglo American, with columns for stock price, high, low, and change.

NOTES

Notes section containing various financial notices and company announcements.

LEISURE

Table of leisure stocks including companies like British Leisure and British Leisure, with columns for stock price, high, low, and change.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Leyland and British Leyland, with columns for stock price, high, low, and change.

Garages and Distributors

Table of garage and distributor stocks including companies like British Leyland and British Leyland, with columns for stock price, high, low, and change.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like News International and News International, with columns for stock price, high, low, and change.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks including companies like News International and News International, with columns for stock price, high, low, and change.

PROPERTY

Table of property stocks including companies like British Land and National Westminster, with columns for stock price, high, low, and change.

SHIPPING

Table of shipping stocks including companies like British Shipways and British Shipways, with columns for stock price, high, low, and change.

SHOES AND LEATHER

Table of shoe and leather stocks including companies like British Shoe and British Shoe, with columns for stock price, high, low, and change.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo American and Anglo American, with columns for stock price, high, low, and change.

TEXTILES

Table of textile stocks including companies like British Textile and British Textile, with columns for stock price, high, low, and change.

TOBACCO

Table of tobacco stocks including companies like British Tobacco and British Tobacco, with columns for stock price, high, low, and change.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British Venture and British Venture, with columns for stock price, high, low, and change.

Overseas Traders

Table of overseas trader stocks including companies like Anglo American and Anglo American, with columns for stock price, high, low, and change.

RUBBERS AND SISALS

Table of rubber and sisal stocks including companies like Anglo American and Anglo American, with columns for stock price, high, low, and change.

TEAS

Table of tea stocks including companies like Anglo American and Anglo American, with columns for stock price, high, low, and change.

MINES

Table of mining stocks including companies like Anglo American and Anglo American, with columns for stock price, high, low, and change.

EASTERN RAND

Table of Eastern Rand stocks including companies like Anglo American and Anglo American, with columns for stock price, high, low, and change.

FAR WEST-RAND

Table of Far West-Rand stocks including companies like Anglo American and Anglo American, with columns for stock price, high, low, and change.

D.F.S.

Table of D.F.S. stocks including companies like Anglo American and Anglo American, with columns for stock price, high, low, and change.

FINANCE

Table of finance stocks including companies like Anglo American and Anglo American, with columns for stock price, high, low, and change.

INDIA AND BANGLADESH

Table of India and Bangladesh stocks including companies like Anglo American and Anglo American, with columns for stock price, high, low, and change.

AFRICA

Table of African stocks including companies like Anglo American and Anglo American, with columns for stock price, high, low, and change.

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Table of D.F.S. stocks including companies like Anglo American and Anglo American, with columns for stock price, high, low, and change.

REGIONAL MARKETS

Table of regional market data including various regional indices and stock prices.

OPTIONS

Table of options data including various option contracts and their prices.

DIAMOND AND PLATINUM

Table of diamond and platinum prices including various grades and weights.

FAG keep things rolling FAG Bearing Co. Ltd. Wolverhampton. Tel:0902 894114

BELL'S SCOTCH WHISKY BELL'S

Plan to hive off Rolls-Royce threatens future of NEB

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE FUTURE of the National Enterprise Board hung in the balance last night as the Government considered whether to go ahead with a plan to hive off Rolls-Royce from the NEB...

it too is to develop effectively as an international aero engine manufacturer. However, the future of Sir Kenneth is far from clear.

While there seems to be no serious opposition to this in the Government, Sir Leslie Murphy, the NEB's chairman, has made it clear that he believes the company needs "more stringent application of financial disciplines."

AN ATTEMPT by the National Bank of Cuba to float a public bond issue in Switzerland was yesterday abandoned.

Cuba bank drops bid to float £8m bond

By Our Foreign Staff

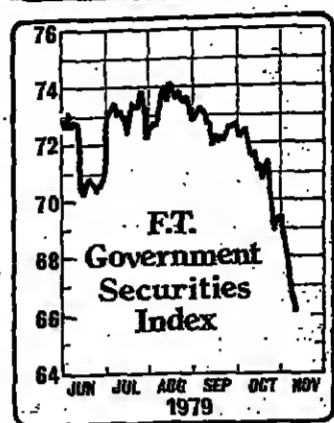
The withdrawal of the bond was announced in Zurich by Singer and Friedlander AG, a subsidiary of the British merchant bank.

Coming to the City for home loans

THE LEX COLUMN

It has been a nail-biting final few days for the BP underwriters but it would still be surprising if the issue does not go.

Index fell 5.9 to 412.2



Building Societies

The Anglia Hastings and Thanet is certainly not the biggest building society but it is one of the bravest.

But the deal is significant on a number of counts. First it proves decisively that building societies are acceptable names in the money markets.

CSR makes £247m bid for Thiess

By James Forth in Sydney

CSR, the Australasian industrial and mining group, has made an A\$465m (£247m) bid for Thiess Holding.

Steel strike plan fails

BY PHILIP BASSETT, LABOUR STAFF

A THREAT of industrial action against British Steel's plans to end iron and steel making at Corby, Northants, receded yesterday when the industry's largest union failed to win the support of other steel unions for the action.

Mr. Bill Sims, general secretary of the confederation and chairman of the committee, said he was disappointed with the response of the other unions.

own members, who make up more than half of the industry's 150,000 workers, if the other unions left it "high and dry."

Fiat faces clash with unions

BY PAUL BETTS IN ROME

FIAT, ITALY'S biggest private enterprise, last night faced a head-on clash with the trades unions and the Turin Labour Tribunal which could have significant repercussions on Italian labour relations.

Iran cuts oil

Continued from Page 1

enough crude for its own needs, and was a substantial seller of excess oil. Its supplies from its five leading OPEC sources have dropped to 1.12m b/d in the second half of this year, from 2m last year and 4.3m in 1974.

Money supply

Continued from Page 1

is not yet sufficient reason to tighten policy. A decision is also being delayed for political reasons because Mrs. Margaret Thatcher will have to be persuaded of the need for any rise in MLR.

Weather

SHOWERS, sunny intervals; rather cold. London, S.E. and Cent. S. England, Midlands, Channel Isles.

BP allocation terms likely on Monday

By Christine Meir

THE BANK OF ENGLAND expects to announce the allocation terms of the Government's sale of 5 per cent of British Petroleum on Monday.

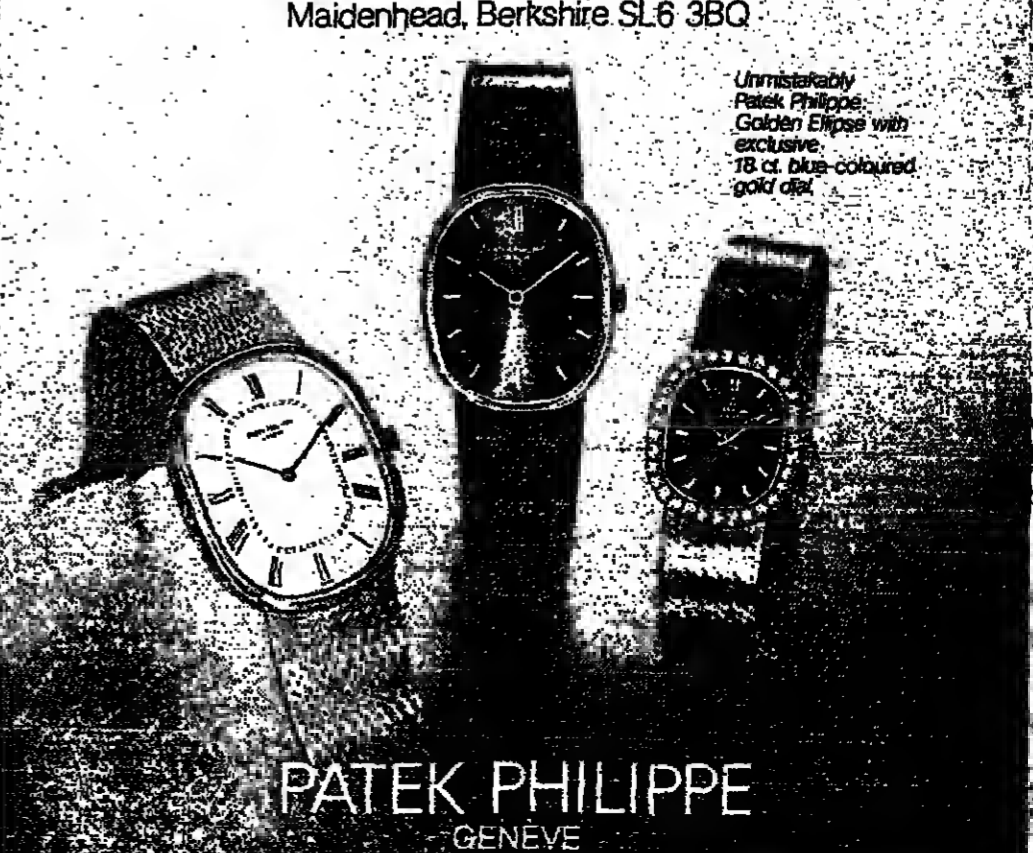
Worldwide

Continued from Page 1

Algeria F 24 75 Libya C 11 52 Athens C 20 86 London C 10 50 Bahrain C 20 86 Luxembourg C 10 50 Barcelona C 20 86 Madrid C 10 50 Beirut C 20 86 Moscow C 10 50 Belgrade C 11 52 Manila F 21 70 Berlin C 5 41 Mexico C 8 48 Bilbao C 8 46 Rio de Janeiro C 25 77 Birmingham C 8 46 Milan C 14 57 Blackpool F 8 46 Montreal C 5 41 Bonn C 22 72 Tehran C 15 59 Bologna C 11 52 Munich C 8 48 Bristol R 8 46 Nairobi C 20 68 Brussels C 8 46 Naples C 16 81 Bucharest C 8 46 New York C 9 48 Cairo S 28 78 Nice C 19 86 Casablanca F 17 65 Oslo C 10 52 Cape Town C 22 72 Paris C 11 52 Chicago C 6 43 Perth C 22 72 Cologne C 10 50 Prague C 12 58 Constanza C 7 45 Peking C 20 68 Corfu C 19 86 Rome C 20 68 Dublin C 8 46 St. Petersburg C 25 77 Dhaka C 17 65 Seoul C 21 70 Edinburgh C 8 46 Santiago R 10 50 Faro C 20 86 Singapore C 20 86 Florence C 18 61 Stockholm C 3 37 Frankfurt C 12 51 Strasbourg C 14 57 Funchal F 20 86 Swansea C 14 57 Geneva C 23 86 Taipei F 17 63 Harbin C 22 72 Tehran C 15 59 Hanoi R 7 45 Tel Aviv C 21 70 Havana R 8 46 Toronto C 17 64 Helsinki C 8 46 Tokyo C 25 77 Hong Kong C 14 57 Vienna C 15 64 Islamabad F 14 57 Warsaw F 3 37 Jaipur R 9 48 Wellington C 14 57 Johannesburg C 22 72 Zurich C 14 57

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